Consensus or coercion

Collective bargaining coordination and third party intervention

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Collective bargaining coordination and third party intervention

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To Karla

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Introduction

> 'In unorganized trades the individual workman, applying for a job, accepts or refuses the terms offered by the employer without communication with his fellow-workmen, and without any other consideration than the exigencies of his own position. For the sale of his labour he makes, with the employer, a strictly individual bargain. But if a group of workmen concert together, and send representatives to conduct the bargaining on behalf of the whole body, the position is at once changed. Instead of the employer making a series of separate contracts with isolated individuals, he meets with a collective will, and settles, in a single agreement, the principles upon which, for the time being, all workmen of a particular group, or class, or grade, will be engaged.'
>
> Sydney & Beatrice Webb, (1920: 1)

> 'The social function [of coordination] follows from the strategic advantages of class solidarity in the labour market. Coordinated bargaining prevents the distinct bargaining units of either of the two sides of industry from being played off against one another. For employers, this means that coordinated bargaining protects them from 'whipsawing' union tactics aimed at confronting the employers individually or group by group. For labour, bargaining coordination aims to contain the risk that competition in the labour market prompts employees to undercut existing collective agreements and thus to unleash a 'race to the bottom'. The economic function of macro coordination refers to its relevance as means of governance. This requires the bargaining parties to concert bargaining in a way that aligns the bargaining outcomes with such macroeconomic imperatives as employment and price stability.'
>
> Franz Traxler (2003b: 195)

While under severe pressure during the last four decades, collective bargaining still constitutes the main regulatory process by which labour markets are governed in Europe. Collective agreements between trade unions and employer associations still determine the wages, working time, holidays, etc., for approximately 60 percent of the employees in the European Union (Commission, 2012). On the one hand, collective bargaining puts a floor under terms and condi-

tions of employment and collective bargaining is therefore rightly regarded as a centrepiece of the European Social Model. Through collective representation and bargaining, workers are arguably protected from some of the social risks that labour markets entail. On the other hand, collective bargaining can be beneficial for employers. Internationalisation of markets has increased the need for coordination across industries due to macroeconomic concerns for price stability and employment. Integration of product markets means that cost levels within a country must not exceed those of competitors in other countries. This gives impetus for actors to moderate wages across industries using collective agreement as a ceiling for wages. As such, coordinated collective bargaining makes the dual promise of reducing social risks for workers and curbing costs for employers.

The topic of this dissertation is the creation and maintenance of social order in relations between employers and employees in labour markets. It focuses on a specific mechanism of social order – collective bargaining between trade unions and employer associations – and how this mechanism resolves conflicts resulting from scarcity between interdependent organised actors. Employees depend on employers for employment that will give them income and the intrinsic values of having a job, while employers depend on employees for their labour power in generating revenue. While employers and employees therefore share interests in the employment relationship, there is nevertheless a 'structured antagonism' between them (Edwards, 1986) due to their opposing interests over the price of labour power and the concrete exercise of labour power. Furthermore, companies and their employees are also in conflict with each other because they depend on each other for value creation. Across industries, employers struggle over scarce labour and the cost of products and services. Thus, the income for one employer constitutes the cost for another. Therefore, collective bargaining as a conflict resolution mechanism does not only create social order in relations between employers and employees, but also in relations between companies.

At the core of the dissertation we find the employment relationship as defined in Industrial Relations (IR). IR can be defined as a multidisciplinary field of study. The field focuses on the regulation of work and employment and broadly comprises the legal, political, economic, social and psychological aspects of that regulation. The employment relationship is therefore understood as a legal, economic and social 'contract' between employer and employee that defines the terms and conditions of labour and also attempts to define how labour power is exercised. This relationship is relatively new, originating from the modern liberal nation state with individual liberal

freedoms, private property, and the gradual separation of production from ownership of capital (Pedersen, 2011; Commons et al., 1918). Its history is therefore ultimately political and institutional, formally inscribed in law in the form of contracts and agreements but never fully specified due to the 'human element' of labour power. As such, labour is a 'fictitious commodity' because its use and its seller are embodied in one person (Polanyi, 1944; Edwards, 2003). The consequences of the employment relationship are fundamental as an allocator of, most notably, wealth, prestige and meaning for employees and as an allocator of labour power and costs for employers. The social order in employment relations is, in other words, 'high politics' for interdependent labour market actors. The focus of this dissertation is on the political and economic aspects of the employment relationship, that is, how social order is created through collective bargaining that produces a 'web of rules' (Dunlop, 1958) with distributive consequences for the involved actors that are at once in conflict with each other and interdependent on each other.

If collective bargaining as a regulatory process hinges upon the ability of parties to reach agreements, institutions that facilitate this should be pivotal. Throughout the Western world, institutions for conciliation, mediation or arbitration (CMA) by third parties exist to help unions and employers settle in bargaining (Brown, 2004). The role of CMA is an old theme for IR. Third parties can help bargaining parties come to settlements by conciliating, mediating or arbitrating in conflicts over the terms and conditions in collective agreements. In particular, IR scholars in the USA have studied the impact of mediation on collective bargaining processes and outcomes. Kerr (1954) noted that besides instilling rationality – as opposed to emotion – in bargaining, mediators could also be used as scapegoats to help bargaining leaders legitimise unpopular settlements with their constituencies. The legitimacy of a nonpartisan proposed settlement could facilitate agreements, as envisioned by George Simmel (1950). Stevens (1963) noted that mediation becomes an institutionalised part of collective bargaining around which bargaining actors orient or reorient their interests. Importantly, the behaviour of mediators and the conditions for mediation, including the institutions of mediation, could be the key to understanding how bargaining actors reach settlements and thus produce order in an otherwise conflicting relationship. Nevertheless, in empirical work the effects of mediation on bargaining results have largely been deemed less consequential than the intensity of the bargaining conflict and the experience of negotiators (Kochan and Jick, 1978; Kerr, 1954; however see Kolb, 1983). In other words, the role of third party intervention should not be overestimated. Case studies of non-US countries like Denmark or Norway, however, led Walter Galenson to conclude that mediation

was '*the crucial stage of collective bargaining'* (1955: 177 - translation from the Danish version). How can this be?

One crucial difference between the US and European studies is that European collective bargaining is very often coordinated across industries, which in turn means that conflict resolution and third parties in Europe potentially intervene into a categorically different type of conflict. Stokke (1998: 54), in reviewing the US-based research on third party intervention, notes that: *'... many studies of wage bargaining and conflict resolution do not consider aspects of the bargaining structure and the interest states have in substantive bargaining results'.* As noted, the social order of collective bargaining does not only entail conflict resolution between employers and employees but also conflicts between companies. Consequently, third party CMA in coordinated collective bargaining takes on a different set of challenges. The essential challenge is how to solve coordination problems between interdependent industries when markets internationalise (Traxler, 2003b). I.e. if the price of one company's products or services is the cost of another, labour cost hikes become problematic for companies that cannot externalise costs to consumers due to international competition. This fundamental condition in open economies seemingly necessitates coordination of collective bargaining. In turn, the coordinative capacity of third parties becomes more salient. However, upon review of some of the most frequently cited works on bargaining coordination, third party intervention is scarcely mentioned (e.g. Traxler, 1995; 2001; Calmfors and Driffil, 1988; Ferner and Hyman, 1998; Eichengreen and Iversen, 1999; Iversen, 1999; Soskice, 1990; Wallerstein, 1999).

The primary aim of this dissertation is therefore to investigate the role third party institutions in bargaining coordination.

I pursue this aim by drawing on the disciplines of political science and sociology while engaging with the fields of industrial relations and comparative political economy. As a point of departure, I study national configurations of collective bargaining institutions that, based on their perceived positions in markets, are able to govern how collective organisations interact and resolve conflicts to produce joint regulation of employment. By using the word 'configurations', I want to highlight how relations between different sets of institutions, most notably bargaining structures and mediation institutions, produce combined effects on agency. I focus on the organisational level of interaction, and I stress that these organisations act purposefully to maximise their inter-

ests based on their perceived position in markets. I argue that organisational interests are contingent upon market structures, but that these structures are a matter of perception and that such perception is ultimately social. From Dunlop (1958), I agree that the dependent variable in IR is ultimately the 'web of rules' or regulation of employment that collective bargaining produces. By framing my study object this way, I contend that regulatory outcomes are contingent upon collective market actors and the ways in which institutions mediate market pressures. I agree with neo-institutionalists in arguing that there will be feedback effects between processes, outcomes and institutions – i.e. that in repeated bargaining rounds, institutions can affect processes and vice versa, processes can affect outcomes and vice versa, and institutions can affect outcomes and vice versa – which calls for a historical, rather than a static, perspective on collective bargaining (Pierson, 2000; Thelen, 1999).

I restrict my studies to private sector collective bargaining, which is where I find the most interesting dilemmas of how to couple concerns for decent terms and conditions of employment with pressures for competitiveness. Moreover, it is first and foremost the private sector that is characterised by the predominant trends of liberalisation, internationalisation, new production forms and economic volatility, which makes it a test bed for observing how collective bargaining actors in general reacts to such trends. Admittedly, the current fiscal crisis and austerity programme have put public sector bargaining into a similar context, but these developments are nevertheless trailing those in the private sector (cf. Bach and Bordogna, 2011). Moreover, the regulation of collective bargaining is markedly different between public and private sectors, which warrants focusing on only one in cross-comparative work to reduce dimensions for comparisons. I concede that the relations between private and public sector bargaining are important in understanding the dynamics of coordinated bargaining, but nevertheless find it prudent to make analytical restrictions. When required, I refer to the interplay between private and public sector bargaining systems.

The national configurations of bargaining institutions can formally be found in the following elements (cf. Stokke, 2002, 672):

1. Procedural by-laws and bargaining traditions by the labour market parties
2. Legal regulations for engaging in industrial action.
3. Bargaining structure (levels of bargaining and bargaining coverage)
4. Procedural rules for conciliation, mediation and arbitration (CMA)

5. Ad-hoc state intervention in bargaining

The first and second elements define the procedural rules for collective bargaining, i.e. the rules of the game. The third element, bargaining structure, belongs to the orbit of social partners and how they internally and externally structure collective bargaining horizontally (e.g. between sectors and occupations as well as industries) and vertically (e.g. between union confederations, union federations, regional/local unions and company level union representation) (Traxler 1995).Only the fourth and fifth can be characterised as direct third party intervention in the bargaining process. The crucial difference is that CMA attempts to safeguard the bargaining autonomy of parties, albeit to varying degrees with arbitration being the strongest intervention. Conversely, state intervention suspends bargaining autonomy. In this dissertation, I focus on the fourth element. Taken together, the five elements can be seen as configurations of conflict regulation systems which to this day are inherently country-specific despite internationalisation of financial, capital and indeed labour markets (Valdés Dal-Ré, 2003). Furthermore, I argue that the five elements have causal impacts on each other as some institutions are either substitute, compatible or complementary to others (Boyer, 2005).

1. Puzzles, research questions and papers

In this section, I briefly provide an overview of the puzzles that have motivated the dissertation. I hereby want to locate the specific papers by presenting the specific gaps in our knowledge that the dissertation is trying to fill.

The first puzzle appeared when comparing bargaining rounds in Sweden and Denmark which have occurred since the decentralisation of bargaining in the 1980s and 1990s. Some scholars argued that the Swedish and Danish bargaining systems had converged onto a German pattern bargaining system, in which manufacturing sets the pattern for other industries to follow (Iversen, 1996; Swenson and Pontusson, 2000). Bargaining at industry level in a monetarist economic policy regime would privilege wage moderation around the exposed sector, thus recalibrating the centralized peak-level bargaining sought by exposed employers in the 'golden' postwar decades (Swenson, 2002). My initial analysis, however, showed that there were notably more defections from the pattern in Sweden than in Denmark. This seemed odd, given the prominence of large Swedish manufacturing companies operating in tight globalised product markets like the automotive industry. Moreover, Swedish organisations were involved in a discursive battle over who should set the pattern (Medlingsinstitutet, 2009) and over how to promote solidaristic wage bargaining for low-paid workers (Medlingsinstitutet, 2012). There was very little of that in Denmark. Previous studies have remarked that Swedish employers are much more aggressive towards unions than Danish employers (Pestoff, 1995; Wallerstein and Golden, 1997; Due and Madsen, 2000; Thörnqvist, 1999). While useful for explaining adversarial relations between unions and employers and occasional centrifugal dynamics in Swedish bargaining, I nevertheless found this reasoning incomplete for explaining why employers in, e.g., retail and financing would agree to defect from wage moderation. Instead, the relations between bargaining structures, cross-class coalitions and mediation institutions seemed more promising (Stokke, 1998; Elvander, 1974; 1988; Swenson, 1991). On a more general level, the causal mechanisms of coordination in collective bargaining seemed unclear despite recent attempts to clarify it (most notably Sisson and Marginson, 2002; Traxler, 2003b; Traxler et al., 2008; Thelen and Kume, 2006). The first puzzle led me to ask the following research question:

How is bargaining coordination created and sustained?

The second puzzle appeared as I observed that some countries have strong institutions for conciliation, mediation and arbitration (CMA) while others have very weak institutions. Like previous Scandinavian studies of primarily centralised bargaining systems (Stokke, 1998; Galenson, 1955; Elvander, 1974), I found an intimate link between bargaining structures, mediation institutions and coordination of industry-level bargaining in Sweden and Denmark. At the core of this relationship is the preoccupation about social control over collective bargaining. Nils Elvander's hypothesis (1974) about a relationship between fragmented unions and strong third party intervention therefore seemed worthwhile investigating more broadly. I pursued this puzzle by investigating and comparing 17 Western European countries. The analysis constitutes – to my knowledge – the first attempt to explain the existence of strong CMA in Western Europe. A strong motivator for studying CMA is furthermore that it has been somewhat neglected in comparative IR, in which it is often seen as a second-order institution. Accordingly, there was very little theorisation about strong CMA to work from. In addition to Elvander's hypothesis, the most comprehensive comparative study to date, edited by Valdéz Dal-Ré (2003), proposed a relationship between labour court tradition and strong CMA. If specialised labour courts prevail in conflicts of rights, we should expect weak CMA because social partners also have a tradition for resolving conflicts of interests in bargaining independently of third parties.
The second puzzle led me to ask two interrelated research questions:

How has CMA been institutionalised in different countries?
Why do some countries have strong institutions of CMA?

The third puzzle was at once driven by extraordinary economic circumstances but also by the old adage in IR that economic cycles affect collective bargaining. It was impossible to study collective bargaining without considering the international financial and economic crisis which began in 2008 and the effects of market pressures on bargaining processes and outcomes in Sweden and Denmark. As such, the crisis constituted a 'natural experiment' (Gerring and McDermott, 2007) in which I could investigate the effect of major external shocks (the treatment) on two similar countries (the patients). While the market pressures – most notably a decline in orders and production levels – were very similar in Sweden and Denmark, the bargaining processes and outcomes were not. This provided an empirical puzzle. I realised that national configurations of bargaining institutions would not suffice to explain differences. Instead, I investigated the idea

that institutional linkages between bargaining institutions, labour market policies and employment protection legislation could inform the analysis of collective bargaining responses to economic crisis (cf. Estevez-Abe et al., 2001; Kristensen and Lilja, 2012). This idea has also been highlighted recently in the literature on flexicurity, i.e. combinations of labour market flexibility and social security (Wilthagen and Tros, 2004; Madsen, 2006).

The proposition that collective bargaining is related to development of flexicurity constitutes the final puzzle of the dissertation. Often, flexicurity studies focus on macro-level policies, such as active and passive labour market policies together with employment protection legislation (Burroni and Keune, 2011). By combining low employment protection with comprehensive active labour market policies and high income security in the case of unemployment, labour markets can be dynamic without eroding employment and socioeconomic standards (Madsen, 2005; Viebrock and Clasen, 2009). This point, however, neglects the pivotal role played by collective bargaining in regulating important measures for flexibility and security, such as wage flexibility, working time flexibility and functional flexibility vis-à-vis in-job income security, in-house employment security and work-life balance (Ibsen and Mailand, 2009). These items are, indeed, often regulated by collective agreements. By making framework agreements at the industry level on a broad range of issues related to flexibility and security, collective agreements can foster balances of flexibility and security, and they can do so in a decentralised but organised manner (Traxler, 1995; Andersen, 2005; Wilthagen and Tros, 2004). They provide flexibility because company-level bargaining determines the actual wage, working time and work organisation; and they provide security because they stipulate minimum standards and ensure negotiated agreements on flexibility (Ilsøe, 2010). But does collective bargaining actually contribute to flexicurity in this manner across different institutional contexts that rely less on collective bargaining as a regulatory process? The third and fourth puzzle led me to pose the following research question:

What explains the outcomes of collective bargaining coordination under different institutional and economic conditions?

The first research question is not limited to the role of mediation in bargaining coordination, and I do not pretend that mediation is the only factor creating and sustaining bargaining coordination. The second and third research questions directly address the role of CMA in different countries and the reasons why we see different institutions across countries. The fourth question addresses

the ways in which bargaining coordination outcomes differ according to the institutional context and economic conditions. Accordingly, the five papers of the dissertation shed light on bargaining coordination from different angles, mediation being one that has often been overlooked.

The five papers in the dissertation are therefore independent pieces of research and relate to the puzzles and research questions in different ways. As such, they are self-contained and fill different gaps in somewhat different research fields. Nevertheless, they all relate to the issue of collective bargaining coordination, its institutions, its processes and its outcomes.

1. *Did mediation save coordinated bargaining? A comparative case study of pattern bargaining in Sweden and Denmark*
   (questions 1 and 2)
   The paper compares coordinated collective bargaining in Sweden and Denmark from the time of decentralisation. The historical-comparative case study shows that confederate bargaining has been replaced with a pattern bargaining system based on cross-class alliances in the exposed manufacturing sector. In contrast to conventional literature, the paper stresses the importance of mediation institutions in institutional change. By pegging settlements to the pattern, mediation institutions of both countries have a necessary role in solving collective action problems in pattern bargaining. Their capabilities, however, differ, which is reflected in more frequent defections in Sweden. Defections in Sweden, moreover, appear to be driven by unions' continuing stress on wage solidarity, whereas Danish unions have refocused on supply-side issues.
   (Accepted for revise and resumbit in British Journal of Industrial Relations)

2. *In search of control – Conciliation, mediation and arbitration in collective bargaining of Western Europe* (questions 2 and 3)
   All Western European countries have developed particular systems of third party intervention – understood as conciliation, mediation and arbitration (CMA) – which have varying capabilities to intervene in collective bargaining. The purpose of the paper is to explain strong CMA across 17 Western European countries using the fuzzy set qualitative comparative analysis (fsQCA) method. It looks at the formal strength of CMAs and attempts to deduce explanatory paths to strong CMA in collective bargaining. Two hypotheses are considered and extended: the neo-corporatist hypothesis by Elvander

that low governance capacity by unions is related to strong CMA, and the legal tradition hypothesis by Valdés Dal-Ré that normal civil courts in labour matters are related to strong CMA. The analysis shows two causal paths to strong CMA: the Nordic and the Mediterranean. The former combines high union power, high governance capacity and absence of civil courts. The latter combines low governance capacity, high union power and weak regulation of industrial action. None of the conditions were consistently necessary for strong CMA, although high union power figures in both causal paths. This supports the neo-corporatist hypothesis by Elvander, while we do not find support for Valdés Dal-Ré's hypothesis. Looking closer at deviant cases and the Nordic path, it is suggested that control over collective bargaining – and not legal tradition – is the main mechanism behind strong CMA.

(Submitted for review in Socio-Economic Review)

3. *Bargaining in the crisis – a comparison of the 2010 collective bargaining round in the Danish and Swedish manufacturing sectors* (question 4)

   The economic crisis weighed heavily on the 2010 collective bargaining rounds in the Danish and Swedish manufacturing sectors – the pattern-setting sectors in both countries. This paper analyses and compares the bargaining rounds from agenda-setting to signing, pointing to the significant differences in bargaining structures, processes and output. On the whole, the crisis seems to have had little effect on the Danish bargaining system due to a strong centralisation on the employer side through the Confederation of Danish Industries, union moderation and the coordination of bargaining areas by Denmark's mediation institution. Conversely, the bargaining round in Sweden puts a question mark over the viability of the whole Swedish bargaining system. Union coordination was shattered when the white-collar unions broke ranks and concluded agreements before the LO unions. But more importantly, Teknikföretagen – the biggest employers' federation – quit the Industrial Agreement after the negotiations and, once again, Swedish social partners are being forced to readjust the procedural framework for collective bargaining.

   (Published in Transfer – co-authored with Søren Kaj Andersen Jesper Due & Jørgen Steen Madsen)

4. *Striking a balance? Flexibility and security in collective bargaining* (question 4)

   Often neglected in existing studies of combinations between labour market flexibility and security – so-called flexicurity – is the question of how collective bargaining contributes to the development of flexicurity. This is despite the continued resilience of this form of regulation in many European countries. The paper compares sector-level bargaining and flexicurity in the printing and electrical contracting industries of Denmark, Spain and the UK to assess this link. In line with prior research, the paper finds that Danish agreements contribute significantly to flexicurity. Somewhat against conventional expectations, however, are findings in the UK and Spain. In the UK, agreements contribute significantly despite a hostile context for collective bargaining. In Spain, due to the heavy influence of legislation, the contribution is more modest but nevertheless notable. This overall finding gives strong evidence for the proposed link. The article goes on to discuss whether a positive contribution is facilitated by certain institutional and relational conditions.

   (Published in Economic and Industrial Democracy – co-authored with Mikkel Mailand)

5. *Three approaches to coordinated bargaining – a case for power-based explanations* (question 1)

   This article reviews and discusses three different theoretical approaches to the study of coordinated collective bargaining which posit three different causal mechanisms for coordination. Rational choice posits power relations based on resource-dependence; rationalist institutionalism posits rules of the game; and discursive institutionalism stresses shared meaning structures. It is argued that each approach is based on different views of coordination involving exercise of power where some actors make others do what they otherwise would not have done. Coordination could therefore have negative distributional consequences for coerced actors. The paper goes on to show examples of the three approaches from Sweden and Denmark which are regarded as crucial cases for 'Sinatra-inference': If theories of coordination stressing power and negative distributional consequences can make it in Sweden and Denmark, they can make it anywhere. The article accordingly rejects notions that coordination is purely cooperative and makes a case for placing power at the heart of coordination studies. This does not

preclude elements of cooperation but it shows that cooperation is conditioned by power relations.

(Accepted for publication in European Journal of Industrial Relations)

This introduction proceeds as follows. Firstly, I sketch selected views of social order in social science theory in order to place the specific focus of my dissertation in the broader theoretical landscape. Secondly, I review the literature on collective bargaining coordination and third party intervention. I start from the founding fathers of IR – John R. Commons and the Webbs – over Mancur Olson's collective action problem and the solutions which corporatist writing prescribed, and I end with recent contributions by comparative IR and political economy that study coordination under intense international competition. Mediation has figured sporadically in the literature. I therefore go on to review the literature on mediation, beginning with the early writings on mediation from the US with a focus on company level mediation. Because this literature does not address the potentially systemic effects of mediation, I proceed to give accounts of the coordinative effect of mediation using institutionalist theory. I conclude the theoretical section by showing how theories of institutional change should be incorporated into analyses of the links between mediation and bargaining coordination and how my analyses fit the existing literature. Thirdly, I present the research methods and data used in the studies. The analyses are primarily qualitative comparative case studies using both cross-sectional and longitudinal designs. I explain in some depth the fuzzy set qualitative comparative analysis (fsQCA) as this is the most technical method. I furthermore argue for within-case analysis and triangulation of different sources of data to support causal argument from cross-case analysis. The data is then presented. The analyses are primarily based on interview data and documentary data which I present together with reflections on data selection. Finally, I conclude the introduction by outlining the main empirical and theoretical contributions of the dissertation to the study of collective bargaining coordination. In the concluding section, I also highlight some limitations of my study that invite future research.

2. Foundations of social order in the social sciences

The purpose of this section is to sketch some theoretical foundations for the study of social order. In doing this, I intend to place my specific focus on order in collective bargaining in the broader theoretical landscape. Obviously, I do not intend to give a comprehensive account of these massive works on social order, and I concede that my reading of them is restricted to my specific purposes. Differences between authors are consequentially stylised.

The issue of social order is as old as the social sciences. Durkheim (1964) writes, *'... society becomes more capable of collective movement, at the same time that each of its elements has more freedom of movement. This solidarity resembles that which we observe among the higher animals. Each organ, in effect, has its special physiognomy, its autonomy. And, moreover, the unity of the organism is as great as the individuation of the parts is more marked'*. The need for collective solutions – or organic solidarity – arises with the division of labour between actors as we come to depend more on others. Interdependence forces us to coordinate actions and create a social order in which we can cooperate. For Durkheim, society integrates interdependent parts into a whole, and social order is thus marked by cooperation. Specialisation will, in turn, force us to coordinate our activities in order not to upset the whole on which each individual depends.

In contrast, Collins (1994: 85) sums up an alternative approach based on conflict: *'Conflict is not merely just one factor among others, it is an expression of the very multidimensionality of things, the plurality of different groups, interests, and perspectives that make up the world'*. Differences, accordingly, do not create solidarity due to interdependencies but rather due to conflicts between actors that pursue their divergent interests and views of the world. Marx and Weber saw the rise of social order as an issue of conflict and domination. Marx defined the two opposed classes of production, capitalists and the proletariat, in terms of ownership of the means of production (Marx, 1999). As such, social order rests on private capital ownership, which forces labour into dependency on employment at the will of employers. Moreover, legal order would reflect this material base, which could only be overthrown by revolution and collectivisation of the means of production. Failure to realise domination by the proletariat resides in the 'false consciousness' of the dominated class. Weber, on the other hand, gave a specific role to legalism in the production of social order in modern society. As such, social order could be institutionalised through a rational-legal authority which monopolised the use of legitimate force, i.e. the modern state (Weber, 1946). Through a body of generalised rules that cover all individuals equally, domination would become legitimised in the eyes of the dominated, similarly to domination via tradi-

tion or charismatic leaders. To this end, a bureaucratic structure based on rational-legal principles would institutionalise domination, and political struggles for government in any political system (including collective bargaining systems) are basically a struggle over the legitimate forms of domination. The Weberian effect of formal institutions resides in legitimate domination. And while ownership of the means of production is important in this regard, it is not the only determinant of political struggles.

Starting from a different vantage point, George Simmel (Simmel, 1950) stressed the importance of going from dyads of actors to triads. For Simmel, triads were the basis of society as they fundamentally transform the social relationship between two parties by introducing an intermediary relationship from actor A to B through C. This creates the basis for group formations. Specifically for our purposes, a neutral/nonpartisan third party can be at the basis of social order for the following reasons. Firstly, a third party carries with her a promise of creating order out of conflict without stripping bargaining parties of their autonomy. In a world of free collective bargaining, this promise is obviously intriguing. Secondly, *'... because of the non-partisan, each party to the conflict not only listens to more objective matters but is also forced to put the issue in more objective terms than it would if it confronted the other without mediation. For now it is important to win over the mediator.'* (Simmel, 1950: 147). As such, third parties compel bargaining parties to see with the eyes of the other, thus creating the basis for consensus where there was conflict. Thirdly, creating a unified mediation institution will counter divide and rule tactics of either side of the bargaining table, as the objective role of the third party will treat cases uniformly according to a 'general rule' and not on an independent basis (Simmel, 1950: 164).

Weber pointed out that social order requires institutionalisation and legitimacy and that the modern state – through its monopolisation of legitimate force – had achieved social order by the rule of rational law. This highlights the independent impact of formal regulation on actors' behaviour and is thus at the basis of more recent theory of bureaucracy and institutions. Moreover, it highlights that institutions are not neutral but entail domination and thus resolve underlying conflicts in a certain manner. More recent theory shows that order is not external to actors but internalised by actors through cognitive and normative schemes. Foucault (1997) assigns a pivotal role to the state in defining the specific rationality by which actors are governed in a society. A specific 'governmentality' (Dean, 1999) based on political struggles over 'the meaning of things' constitutes what it entails to be an actor in certain settings, for example 'the worker' in a

company (Taylor and Bain, 1999). This, in turn, is the basis for social order since actors know their role in the order and become productive agents within that order.

From economics, the issue of social order is approached in a different manner. Two essential issues from economics are relevant for this dissertation. Firstly, from game theory we learn that 'spontaneous order' can occur when actors realise the gain from trading with each other and no important transaction costs are incurred. Order and cooperation is achieved because of the 'shadow of the future' in which actors learn that they will face each other again and therefore should not cheat or harm the other (Axelrod, 1984). Conversely, new institutional economics (NIE) argues that in situations where transaction costs are high and actors might not meet again – for example in modern capitalist markets – institutions are needed to secure the terms of interactions, i.e. certain actions which are allowed and certain ones which are disallowed, e.g. cheating. Order thus arises from rules of the game or institutions that make interaction possible because they ensure actors that they will gain from interactions with others (North, 1990). In other words, they reduce transaction costs (Williamson, 1985). By doing so, institutions produce order that leads to efficiency because it allows trade.

The sources and functions of order are presented in the table below. To reiterate, social order has been treated as a Durkheimian function of interdependencies due to the need for cooperation in the division of labour (Durkheim, 1964). Each part of society relies on other parts of society to survive, which creates the 'organic solidarity' of order. Others pertaining to the conflict tradition have underlined that order entails domination. Marx (1999) explains domination via capital ownership, while Weber (1946) stresses the importance of legalism and institutionalisation of domination. Simmel stresses the role of third parties in resolving conflicts between parties as the basis for social order and thus the foundation of society. Recently, some scholars have stressed how actors internalise social order through internalisation of a specific *governmentality* (Foucault, 1997), and they stress how the state especially produces a certain kind of domination that is both coercive and productive. Finally, NIE shows how, in a reality of transaction costs, order is based on institutions that make trade possible.

Table 1: Sources and functions of order

	Durkheim	Weber	Simmel	Foucault	NIE
Source of order	Interdependence between actors	Institutions and legal authority	Triadic relation-ships	Cognitive and normative schemes	Institutions
'Function' of order	Organic solidarity	Domination	Conflict resolution	Domination and production	Enabling exchange

All these approaches are potentially relevant for the study of social order in labour markets through collective agreements and will form a theoretical background for different parts of the dissertation as I elaborate in the papers. Specifically, however, I aim to show that mediation as a social form of interaction (Simmel, 1950: 21) can be vital in the production of social order between employers and employees. However, the focus of the dissertation is not the micro-sociology of mediation as a social form of interaction. Rather, I see a link between Simmel's work and Weber's stress on a *'body of generalised rules'*, which in turn opens the way for institutionalisation of domination through specific third party institutions. Institutions are sometimes regarded as having Durkheimian or Williamsonian functions of producing either solidarity or efficiency, respectively (Thelen, 2012). There is no doubt that the NIE and Foucauldian perspectives on institutional order are right – in their own specific ways – in arguing that order is efficient. However, I also wish to stress the 'Weberian' function of institutions, that is, how they create domination between actors through power (Moe, 2005). I argue that mediation therefore has to be contextualised in view of its specific institutional foundations and practices. Indeed, collective bargaining in itself is a conflict resolution procedure (Flanders, 1968), and this places institutions, understood as the rules of the game or the humanly devised constraints on interaction, front and centre for studies of collective bargaining as a mechanism of social order (North, 1990). Third party intervention is accordingly another part of the institutional configuration that shapes collective bargaining processes and outcomes, but one that we need to understand better.

3. Collective bargaining as a mechanism of social order[1]

This section reviews the literature of collective bargaining, from the founding scholars who were preoccupied with labour standards, to studies of horizontal coordination of bargaining and the preoccupation with national economic efficiency. I then proceed to show how coordination can be institutionalised before I outline how mediation as an institutionalised process of bargaining can facilitate coordination. Finally I propose how theories of institutional change might help us understand how horizontal bargaining coordination is created, sustained and changed. Throughout the section I refer to the dissertation papers and how they relate to the literature.

Foundations of Industrial Relations

The purpose of this section is to present selected works that have defined IR as a field of study, from Commons and the Webbs and onwards. At the end of the section I outline which key elements from these works I apply in the analyses of the dissertation.

IR early on defined itself as a field of study in opposition to the view of labour markets by classic economics. More than merely an expression of supply and demand, labour markets should be studied as they actually were instead of relying on abstract modelling. This position still holds true today (Kaufman, 1993; Colling and Terry, 2010). Commons (1909), studying shoemakers in the USA, was one of the first to put the actual regulation of market transactions at the core of labour market studies. He traced the various ways shoemakers protected themselves from market competition by restricting production and entry of inferior workmen into the trade, e.g. through cartelisation. He also showed how new technology and product market integration was able to erode this protection and that the constant product market developments required new regulation – something that did not resemble classic economics. By tracing the shoemakers through time, Commons portrayed trade unions as a defender of labour rights.

In the UK, Sydney and Beatrice Webb (1920: 79-795) were preoccupied with the 'labour problem' and how to sustain a decent living for workers through legislation. Considering different alternatives for different categories of workers, the Webbs preferred a 'Common Rule' by legislation of terms and conditions under which no worker would be forced to work. On top of this, the method of collective bargaining by trade unions for each trade should be used to ensure labour's share of the economic surpluses being generated. The Webbs foresaw that common regulation would force employers to invest in productivity to remain profitable and that it would therefore be possible to combine decent work conditions with competitiveness. In both accounts,

social order in labour markets was achieved through collective action of rule-making by economic actors or governments that would ensure workers a fair share in an otherwise unequal exchange. Ultimately, the exchange was unequal due to the bargaining power of the few employers who owned machines and bureaucratic structures vis-à-vis the many workers who owned only their labour power (Offe and Wiesenthal, 1980; Marx, 1999).

The classic studies of Commons and the Webbs founded the IR field and its focus on collective bargaining as a rule-making procedure for regulating the employment relationship. There was, however, little theorisation in IR research, and it was typically focused on concrete work rules, the role of technology in work organisation, union behaviour and collective bargaining processes and outcomes (Kaufman, 1993). Dunlop (1958) proposed a 'General Theory' of IR which tried to square the circle in a scientific manner. IR should be seen as a subsystem of society producing order in labour markets. For Dunlop, the dependent variable in IR is the 'web of rules' governing employment. Three sets of actors produce these webs: employees and their organisations (e.g. unions), employers and their organisations (e.g. employer associations), and governments. Rule-making is conditioned by the technological context, the market context and the power status of individuals in a given society. A given ideology binds the system together. Dunlop thus prioritised production of order and how different elements had a function in that order – resembling Talcott Parsons' theory of social systems (1951) and Durkheim (1964). Moreover, the IR system matures when it functionally differentiates itself and finds ways to reproduce itself in response to changing circumstances (Dunlop, 1958: 30).

'Across the pond', scholars at Oxford University/University of Warwick from the 1950s to the 1980s, most notably Hugh Clegg and Alan Flanders, studied the institutions of collective bargaining (1976; 1968: respectively). Less devoted to any grand theory of IR in society, the British IR school tried to develop a middle-range theory of collective bargaining (Ackers, 2011). By comparing union behaviour under collective bargaining in six countries, Clegg (1976) showed that the most decisive factor for union behaviour was the structure of collective bargaining defined as the extent of bargaining in labour markets and the level of bargaining, be it single-employer, multi-employer or multi-industry bargaining. Importantly, the bargaining structure would affect the locus of power in trade unions, i.e. power would reside at the level where bargaining takes place. Decisive for the structure of bargaining were employer recognition of unions and statutory regulation of collective bargaining. Keith Sisson (1987) reversed the question and asked how employers behave under collective bargaining. Sisson highlighted that the *sine qua*

non reason for employers to bargain collectively was the neutralisation of conflicts at the workplace by restricting bargaining to determination of terms and conditions. Market relations are bargained, while the managerial prerogative at the workplace is secured, which is a finding that echoes Dahrendorf's hypothesis (1959: 269) that industrial conflicts would be institutionally isolated, *'... robbed of their influence on other spheres of society'*. Hence, the Oxford/Warwick school pushed the study of collective bargaining towards institutions and the ways in which systems or structures of collective bargaining have enduring effects on the behaviour of organised labour and capital. Conflicts are institutionalised, and the institutions of collective bargaining become the centrepiece for IR research (Ackers, 2011).

More recently and due to considerable spells of institutional changes, most notably decentralisation of wage bargaining, scholars at Massachusetts Institute of Technology proposed a strategic choice perspective of industrial relations[2] (Kochan et al., 1984; Kochan et al., 1994). Similar theoretical notions about strategic choices can be found in Sisson (1987) and Due et al. (1993). In the strategic choice model, management or employers play a more active role as opposed to being reactive to union demands for collective bargaining. It was thus acknowledged that employers can change the institutions of industrial relations in their favour but that this is contingent upon the economic and technological context. The supposedly shared ideology that binds systems between unions and employers together (Dunlop, 1958) is, in other words, nothing more than employers' pragmatic consent to a specific situation of markets, technology and union power. Moreover, the authors argue that actors operate at different levels that together constitute an industrial relations system and that diverting attention to, for example, business strategy planning by company headquarters and macro-level economic and social policies will foster different employer interest in collective bargaining to a large extent. The strict focus on collective bargaining institutions is thus broadened to other strategic business areas and policy fields that impinge of the regulation of work and employment (Kochan et al., 1994: 17).

It is beyond the scope of this introduction to discuss these works in any meaningful way. Instead, I wish to selectively focus on what I find most valuable for my analyses. From Commons and the Webbs, I take the notion that labour markets cannot and should not be studied as purely a function of supply and demand of labour power. In other words, we need to focus on concrete regulatory processes between market actors that strategically interact based on certain rules, that is, institutions. From Dunlop, I take that the ultimately, the dependent variable, or outcome, of interest is the 'web of rules' that govern employment. Three actors are pivotal in shaping these

webs; workers and their organisations, employers and their organisations, and the government. They do not interact to produce rules purely based on their strategies but are also conditioned by technology and markets. For example, technology will shape the skill level requirement of certain jobs that in turn will influence collective bargaining processes and outcomes. However, in contrast to Dunlop (1958) I do not see these rules as purely functional or integrating of the IR system. Rather, I follow Weber in seeing conflicts and institutionalisation of power relations between actors.

I take from the Oxford/Warwick school that bargaining structure, i.e. the levels, coverage and depth of bargaining, is pivotal in distributing power among actors both within and across classes of labour and capital. Moreover, I take from this school that collective bargaining is used to establish market relations while attempting to exclude unions from managerial relations. By these means, conflicts in employment relations are 'compartmentalised' to a certain arena, viz. the collective bargaining arena with its own proper conflict resolution mechanisms that influence how and on what terms conflicts of interest are resolved in collective bargaining. Finally, I side with Kochan et al. (1984; 1994) in that collective bargaining systems cannot be seen in isolation from strategies at the macro-level. For example, macro-level economic policies that are adverse towards union wage demands can severely limit the strategies of unions in collective bargaining. Similarly, I agree that employers are not necessarily active supporters of collective bargaining and that they can be very strategic in pursuing managerial control should circumstances allow so. Therefore the notion of a shared ideology – as posited by Dunlop (1958) – should be replaced by multiple ideologies based on different worldviews about the regulation of employment that are potentially conflicting.

In 'Did mediation save coordinated bargaining', 'Bargaining in the crisis', 'In search of control' and 'Three approaches to coordinated bargaining', I use these foundations to analyse bargaining coordination with specific attention to third party intervention. I take as a point of departure that collective bargaining to a large extent compartmentalises conflicts, excluding conflicts over the organisation of work, i.e. managerial relations. Conflicts pertain to market relations over the terms and conditions of paid employment. In turn, and as I show in the following section, control over market relations become a key concern during the 20th century as international trade and economic integration increases interdependencies between actors within national bargaining systems. With my papers, I wish to show that third party intervention obtains a specific role in collective bargaining when coordination of bargaining becomes an economic prerogative. In

contrast to incomes policies, it acknowledges the bargaining autonomy of social partners while at the same time inducing discipline on the part of especially – but not exclusively – powerful trade unions. Therefore, in a context where unions have enjoyed high legitimacy, third party intervention can be beneficial in creating order in market relations without stripping actors of their bargaining autonomy. In order to make this argument, however, we need to know why the control over market relations becomes important and what is at stake for different actors.

Coordination as an economic prerogative

In this section, I outline the historical background of coordination as an economic prerogative and how it has been treated in selected works. The purpose is to present the main conflicts of interest in collective bargaining and how they are potentially solved through coordination.

As collective bargaining between unions and employer associations proliferated across Western advanced democracies during the 20th century, so did scholarly interest in the economic effects of collective bargaining. One explanation for this was World War II and the need for economic planning experienced during war times. The large role of US government intervention in manpower activities during World War II underscores the importance of planning in employment matters (Baron et al., 1986). During the booming post-war years, labour scarcity became a threat to price stability and growth. The threat of wage inflation persisted in driving up labour costs and ultimately production costs, as goods and services became increasingly expensive, eventually resulting in rising unemployment – as illustrated by the Phillips curve (Borjas, 2000). Wage moderation became the name of the game in Keynesian full-employment policies. Collective bargaining could alleviate this: Instead of providing a wage floor, collective agreements become a wage ceiling (Swenson, 2002). The influential books by Mancur Olson (1965; 1982), however, pointed out the intrinsic collective action problem in this: Collective agreements are a collective good that are non-rival and non-exclusive. Once established, individual actors can enjoy them at no cost to other actors, and it is impossible to exclude individual actors from enjoying them. This makes it easy for individual actors to free-ride, i.e. stop contributing to the production of the collective good. Put differently, once a ceiling on wages is established, individual bargaining areas can settle higher and thus reap comparative advantages.

In a context of growing international trade, the collective action problem in wage bargaining becomes acute due to interdependencies between those industries which are exposed to international competition and those which are not. Exposed sectors cannot pass on increasing labour

costs to consumers as they are operating in international markets – they are price takers, so to speak. Sheltered sectors, on the other hand, operate in home markets in which they are price setters and can somewhat cartelise prices through collective agreements (Traxler, 2003b). Increasing labour costs can therefore be passed on to consumers, including exposed companies, without reducing demand due to lack of competition. In turn, pay hikes in sheltered sectors constitute an increased external cost on exposed sectors; i.e. free-riding on wage ceilings constitutes a negative externality for exposed companies. Conversely, sheltered sectors in Western economies are increasingly dependent on the wealth generated from international trade and exports. As a corollary, wage moderation and its positive effects on growth and unemployment in a national economy can only be achieved through some sort of coordination between exposed and sheltered sectors due to their interdependence. Collective bargaining not only instils a certain order between employers and employees, but also between companies of different industries. As Commons (1909) demonstrated long ago, product market integration would spur the need for new control measures to protect the very actors involved in markets (see also Polanyi, 1944).

The interests in coordination of collective bargaining, nevertheless, differ and can give rise to cross-class alliance between capital and labour organisations (Swenson, 1991; Swenson and Pontusson, 2000). In tight product markets with low skill requirements, employers are usually interested in using collective agreements 'to take wages out of competition', while unions pursue standardised rates for employment (Swenson, 2002). Swenson uses the term 'cartelist' employers for those who aim to cartelise the product market with the use of unions and collective bargaining. In slack product markets with high skill requirements, employers are interested in paying above market rates to attract the best and the brightest. Occupational unions representing these workers are easy to persuade. These employers are called 'segmentalists'. Finally, employers in tight product markets with high skill requirements are interested in flexible wages due to flexible production systems but are wary of giving bargaining a free hand due to their interest in cost control. In other words, they wish to control the wages of others but want some leeway in setting their own wages in order to attract highly skilled labour. Swenson (2002) calls these employers 'solidaristic' because they aim to coordinate bargaining around collective wage moderation. By coupling skill requirements with the issue of exposure to international competition, Iversen (1996) shows that sheltered sectors with segmentalist employers are privileged in the sense that they can easily externalise pay hikes to consumers. Moreover, they have an interest in doing so in order to attract labour. Conversely, employers in sheltered sectors with low skill requirements

will have an easier time rejecting pay hikes, but this is contingent upon the strength of trade unions representing low-skilled workers. Employers and unions in exposed sectors – both for low-skilled and high-skilled workers – have an uniform interest in coordination between industries to curb costs through wage ceilings but also to put a floor under wages.

These fundamental conflicts of interest and coordination problems spurred numerous publications on the relationship between the organisation of interest representation and macroeconomic outcomes, most notably inflation and employment (e.g. Olson, 1982; Bruno and Sachs, 1985). Corporatism seemed to offer a solution. By centralising bargaining structures and therefore decision-making power in encompassing organisations, pay hikes are internalised. Centralisation, in other words, disciplines capital and labour (Schmitter, 1974). This led scholars to propose that the beneficial effects of collective bargaining structures would monotonically increase with the degree to which organisations are encompassing (Bruno and Sachs, 1985; Cameron, 1984). As such, the Swedish model of solidaristic wage bargaining in the 1950s-1970s was exemplary due to its compression of wage structures resulting in economic growth and equality. Calmfors & Driffil (1988), however, challenged this view and presented the 'hump-shaped thesis'. They argued that wage moderation could be achieved either through complete decentralisation of bargaining, whereby market discipline would moderate wages, or through encompassing and centralised bargaining, whereby pay hikes are internalised. Intermediate bargaining at the industry level, on the other hand, would have negative effects on wage moderation due to negative externalities as noted above.

Soskice (1990) argued that, rather than centralisation, what matters is coordination between bargaining units. At the core of this argument is compliance by different actors at different levels to similar bargaining results that moderate wages. Iversen (1999) and Traxler et al. (2001) showed that both horizontal and vertical coordination are necessary for wage moderation. Vertical coordination means that lower level bargaining, say at the industry and company level, complies with higher level agreements within bargaining units. Without this, wage drift and wage inflation spirals might occur. With greater centralisation there is a greater risk of vertical compliance problems as decisions become remote for the concerned actors (Traxler and Brandl, 2012). Horizontal coordination between separate bargaining units means that similar bargaining results prevail across different industries. In centralised peak-level bargaining, wage moderation becomes an internal political issue according to the median affiliate (Traxler and Brandl, 2012). Peak-level confederations that are dominated by exposed sector organisations have a chance of

dominating the sheltered sector organisations. Vertical and horizontal coordination, moreover, interact. If vertical compliance is low, horizontal coordination can break down as some industries want to catch up with wage drift in other industries. Vertical compliance thus becomes necessary for horizontal coordination to work. In turn, Traxler & Brandl (2012) and Brandl (2012) show that coordinated intermediate level bargaining can actually work as long as vertical compliance mechanisms are effective. This result refutes the 'hump-shaped thesis' by Calmfors & Driffil (1988).

Decentralisation of wage bargaining to a mixture of industry and company-level bargaining involves a recalibration of collective agreements at industry level that now take on the form of 'framework agreements', which establish procedural or substantive boundaries for company-level bargaining – so-called 'organised decentralisation' (Traxler, 1995; Sisson and Marginson, 2002) or 'centralised decentralisation' (Due et al., 1993). In the absence of peak-level solidaristic wage bargaining, workers in slack labour markets and tight product markets (often due to international exposure) run the risk of downward pressure on wages and coercive comparisons by employers (Hancké, 2000). In other words, there is a risk of both negative externalities and a 'race to the bottom' of labour standards. For some scholars, the key players in averting this situation are employers and unions in the exposed manufacturing sector (Iversen, 1996; Traxler et al., 2008; Swenson, 1991). Comprising both low-skilled and high-skilled workers, they share an interest in solving both problems of negative externalities and the race to the bottom. By installing controls over company-level bargaining through framework agreements at industry level, there is both room for flexibility and control over wages. Relative wage differentials can be used to attract highly skilled labour – but within reason – while the floor under wages secures low skilled workers. The two interrelated issues of vertical and horizontal coordination are, nevertheless, complicated by the erosion of peak-level bargaining during the 1980s. A new system of coordination, or order, has to be built around wage moderation, flexibility and equality that caters to the interests of the exposed industries but that is also legitimate in the eyes of sheltered sectors that retain their bargaining autonomy (Due et al., 1993; Traxler et al., 2008; Kjellberg, 2009). This is what I call a challenge of institutional design in 'Did mediation save coordinated bargaining'. In the next section, I show how the different approaches can help us identify the relevant dimensions and causal mechanisms inherent in coordination.

The phenomenon and institutionalisation of coordination

The purpose of this section is to define the phenomenon of coordination using institutionalist concepts. By showing the different dimensions of coordination I go on to delimit my study of coordination. Finally, I present some selected works on how coordination in bargaining is created and sustained and what I take away from these works regarding the causal mechanisms inherent in coordination. In order to get an idea of the phenomenon of coordination, the basic framework by Sisson and Marginson (2002: 200) is instructive. These authors distinguish between the level, forms, processes and depths of coordination, thus identifying the relevant dimensions of the phenomenon as seen in table 2 below, which I have adapted slightly.

Table 2: Dimensions of coordinated bargaining as a process

Levels	**Forms**	**Processes**

Coverage
- Single employer
  o Division
  o Group
- Multi-employer
  o Single-sector
  o Multi-sector
Agency
- Associational
- Non-associational
- Trade unions
- Work councils
Geographical reach
- Sub-national
- National
- Cross-border
	- Unilateral
	- Joint
	  o Bipartite
	  o Tripartite (e.g. social pacts)
	- State-imposed
	  o Incomes policy
		- Information exchange
		- Benchmarking
		- Target setting
		- Pattern bargaining
		- Synchronised bargaining
		- Discourse formation
		Depth
		- Substantive issues in agreements

Levels basically encapsulates the bargaining and organisation structures of coordination in a given country, i.e. who (workers and employers) is covered by coordination and where. Clearly, the nature of coordination – and the problems of collective action – differs between single employer coordination to multi-employer coverage and so on. Likewise the agency, i.e. the organisation structure, matters as different traditions for organisation of employers in associations and workers in trade unions apply. Also here the nature and problems of collective action differ. Finally, geographical reach is of interest as coordination can happen both within and across borders – although the latter is obviously less common.

Three *forms* can be distinguished. Unilateral coordination involves singular efforts of either employers or trade unions to coordinate wages, terms and conditions. In joint coordination, the bipartite sub-form is the typical form of coordination in Europe where employer associations and

trade unions conclude, e.g., framework agreements which are then implemented at workplace level with more or less discretion – so-called 'organised decentralisation' (Traxler 1995). In the tripartite form, government actively participates in facilitating agreements, e.g. by exchanging wage moderation for changes in employment/social policies or giving tax breaks in social pacts. Finally, state-imposed coordination involves government intervention of wage bargaining directly through statutes.

Turning to *processes*, the authors identify five types ranging from highly informal to more formalised. Information exchange can be a more or less routinised activity of employers, trade unions and even workers. Information is constantly exchanged in collective bargaining as an essential tool for knowing where the other bargaining areas are and where the cost norm 'is heading'. Benchmarking is a more formalised process which focuses on systematic comparison on given indicators. This process is widely used in the European Union, but can also be used in bargaining coordination as social partners try to navigate the muddled knowledge of the labour market across different companies, occupations, sectors and countries. Target setting is also a formalised process involving name-giving to certain aims for coordination, e.g. a wage claim securing real wage growth while avoiding wage-push inflation. Pattern bargaining – the primary focus of the paper 'Did mediation save coordinated bargaining' – involves pattern setting and pattern taking by certain industries. Synchronised bargaining refers to bargaining in several bargaining units simultaneously around some common bargaining platform. Finally, in addition to the original framework, 'Three approaches to coordinated bargaining' shows the importance of the process of discourse formation, in which actors define their shared problems, e.g. inflation or wage inequality, in discursive games prior to or during negotiations (Pedersen, 1989).

Lastly, *depth* refers to the substantive issues covered by coordination. It matters whether coordination only includes wage increases or also non-wage issues like working time, pension, holidays, training and education, etc. The inclusion of non-wage but cost-driving issues in bargaining complicates coordination across sectors, but it can also facilitate agreement through package deals (Scharpf, 1997).

Building on the framework of Sisson and Marginson (2002), the object of coordination in this dissertation, viz. its analytical dimensions, can be summarised as seen in the table:

Table 3: Object of coordination

Levels	Forms	Processes	Depth
Multi-employer/ Multi-industry Employer associations/trade unions & union cartels National (w. reference to cross-border)	Joint bipartite w. state in procedural role as conciliator, mediator (not arbitrator)	Information exchange Target setting Pattern bargaining Mediation	Wages and non-wage issues

I focus on multi-employer/multi-industry horizontal coordination with reference to vertical coordination when applicable. The level of analysis is both organisational for industries and national. I analyse coordination that is bipartite but in which the state plays a crucial procedural role through third party intervention by means of conciliation and mediation. I do not consider arbitration, except in 'In search of control'. The processes of coordination include information exchanges between parties, target setting through public deliberation over the scope for wage increases, pattern bargaining with manufacturing going first and, of course, mediation. I do not see these processes as being mutually exclusive as real coordinated bargaining processes entail more than one process, as I show in the papers on Swedish and Danish bargaining. The depth of coordination includes both wage and non-wage issues, which have become very important in the wake of wage decentralisation and the broadening of scope to social and employment policy issues (Due and Madsen, 2006; Trampusch, 2007).

Turning to the question of how horizontal coordination is created and sustained, some main contributions can be noted for their analytical relevance for this dissertation. It is beyond the scope of this introduction to review all relevant literature, and in 'Three approaches to coordinated bargaining' , I treat the different theoretical approaches more thoroughly. Firstly, Katzenstein (1985) argues that the solution to this challenge lies in corporatist decision-making itself. Studying seven small open economies in Europe, he argues that they *'... adapt domestically to economic change imposed by an international economy that they cannot hope to control… …the relations between business, the unions and the state are organized in a manner that compromises the logic both of unmitigated market competition and of decisive state intervention… [it is] the politics of neither liberalism nor statism but corporatism.'* (Katzenstein, 1985: 200). For Katzenstein, it is economic vulnerability that lies behind the ability to coordinate. While this work is generally useful to identify a certain political dynamic in small European states, it is nonetheless

too broad to specify what goes on in collective bargaining coordination. As such, it can be used as a theoretical canvas for more specific approaches.

Secondly, Traxler et al. (2008) study pattern bargaining in Austria. The authors argue that the process is characterised by power, latency and non-intentionality. Power relations should be such that the exposed sector yields power over other sheltered sectors: *'As bargaining is a process of interest intermediation, we can rule out preponderance of values, which are incongruent with interests. This leaves compulsion as a determinant of compliance, aside from interests.'* (Traxler et al. 2008: 40). Therefore, power is a necessary condition, and it is based on the size and importance of the exposed sector for the economy together with organisational density and concentration, the latter prerequisite akin to the median affiliate thesis under centralised bargaining. I discuss this concept of power in the 'Three approaches to coordinated bargaining' paper. Mergers by unions and employers associations, respectively, in manufacturing strengthen this power (Iversen, 1996; Marsden, 1999). Secondly, the exercise of power must be latent and non-intentional in order not to compromise bargaining autonomy of other bargaining units. In the absence of higher-order authority, power over other bargaining units should not be too manifest. Finally, the exposed sector must show self-constraint – also true in company-level bargaining – even though it typically has higher productivity increases relative to other sectors due to capital/labour ratios. In this way, counter claims in subsequent wage bargaining by other sectors can be avoided.

Thirdly, the approach taken in Due et al. (1993) is ultimately institutional showing how the bargaining relations between social partners in Denmark are institutionalised. They side with Sisson (1987) and Swenson (1991) in arguing that employers were the key drivers for bargaining centralisation due to the risk of union 'whipsawing' tactics under company-level bargaining in the early 20th century. Furthermore, they give special priority to a relational view in which unions and employer associations derive legitimacy from their interrelations, which in turn prompts them to pursue strategies that reinforce collective bargaining. In the wake of peak-level bargaining, they argue that a strong cross-class alliance between merged employer associations and merged unions in manufacturing created a new system of industry-level bargaining – so-called centralised decentralisation – which paradoxically compromises both decentralisation and centralisation. It is centralised because of concentrated interest representation in manufacturing and because confederations retain a coordinative role in bargaining to ensure horizontal coordination around the key bargaining sector. An analysis by Iversen (1996: 423) concurs. Moreover, media-

tion plays an important role in Due et al.'s analysis, as I show in 'Did mediation save coordinated bargaining'. The bargaining model is decentralised because wages and working time to a large extent are negotiated at company level. Moreover, their concept of 'centralised decentralisation' involves a cultural reproduction of industry-level bargaining practices at the company level. This can only be achieved through strong shop stewards who are trained by unions in consensual bargaining (Due et al., 1993; Kjellberg, 2009). Additional controls on decentralisation reside in specific procedural requirements for company-level bargaining. For example, the peace obligation precludes industrial action while the industry-level agreement is in force. Moreover, local agreements can only be renegotiated every year. Finally, cases of company-level conflicts are referred upwards to local branches, organisation headquarters and ultimately the conflict regulation systems – the labour court and industrial arbitration tribunals. Accordingly, it is a special case of the 'organised decentralisation' that Traxler writes about (1995).

Fourthly, other Scandinavian scholars have pointed out the ways in which discourses on how the economy works affect bargaining coordination (Pedersen, 1989; Elvander, 1989). In what is called the 'negotiation economy', organised actors strategically interact having been conditioned by a shared discourse that provides a common understanding of socioeconomic problems (Pedersen, 2006: 248). Based on welfare economics, all political decisions, including collective bargaining, are measured and judged according to whether they contribute positively to the economy at large. This discourse defines both what is desirable and how to get it. Historically, the discourse arises from the small state/open economy trajectory (Katzenstein, 1985) and governmental inquiries that define interdependencies and control of externalities as the keys to success. In addition, it gives great importance to government collectivisation of risks through the welfare state, while accepting ordered voluntarist industrial relations – akin to the Rehn-Meidner model (Erixon, 2010). In turn, it becomes extremely difficult for actors to 'argue' for policies that are opportunistic, e.g. defection. It simply doesn't make sense. In times of economic crisis, actors will investigate and eventually rally around new prescripts that can restore the 'economy-wide imagination' through collective actions. This is why centralised bargaining was replaced by a competitive pattern bargaining system that allowed for flexible wages and wage moderation at the same time. Negotiation (not markets), coordination (not unilateral action) and collective adaptation (not stasis) are the key regulatory processes through which society as a whole prospers (Pedersen, 2006: 250; Katzenstein, 1985: 200).

Finally, Culpepper's (2008) account on changes in wage bargaining in Ireland and Italy also employs the role of ideas in bargaining coordination and the role of government. According to his study, the transition in Ireland to social partnership and the end of *scala mobile* indexation in Italy was sparked by crucial common knowledge events in which the actors realised new ways of pursuing their exogenously given interests. By mimicking the logic of wage bargaining in small open economies like Austria and Norway, Ireland – also a small open economy – was able to restore cost competitiveness and secure workers' income. In Italy, credible inflation forecasts paved the way for coordinated industry-level bargaining. This changed the preference order of social partners on bargaining institutions because they were endowed with new common knowledge, which reset mutual expectations of each other's actions (Culpepper, 2008: 8). New assumptions about how the economy works made actors realign to bargaining coordination, and since the knowledge is inter-subjectively shared, it becomes very hard for individual actors to argue against it – let alone defect from its logic.

The approaches to horizontal bargaining coordination thus differ in the causal mechanism leading to order in collective bargaining: power differentials, institutions regulating relations between social partners, and discourses, respectively. I address these different approaches in 'Three approaches to coordinated bargaining' , but here I want to draw out two points. Firstly, I find the use of discourse or ideas instructive in making sense of actors' framing of problems to solve in coordination. If unions and employers share perceptions of, for example, wage inflation, then coordination around wage moderation will, ceteris paribus, be easier. This does not imply that material interests are inconsequential and that studying meaning structures is the only legitimate goal in studies of bargaining coordination. It simply means that the framing of actors' interest is based upon certain ideas about how the world works and what is desirable for bargaining coordination. As noted in the beginning, unions can frame bargaining coordination in terms of equality because different industries will receive more or less the same, while employer associations can claim control over wage developments. I find the balancing of these concerns to be one of the most interesting aspects of bargaining coordination.

Secondly, while I find Traxler et al.'s (2008) and Iversen's (1996) argument about power differentials important, I believe that the point of departure for any study of bargaining coordination should be institutional. Power differentials based on the economic importance of the exposed sector, as well as organisational power in terms of density and concentration of manufacturing, cannot fully capture the political process of coordination. Traxler et al. (2008) remark that the

system of pattern bargaining in Austria is not formalised anywhere, but this does not preclude the role of institutions as the foundation for coordination. Arguably, different systems of coordination can be more or less formalised, but as Traxler (Traxler, 2003a) himself argues, other institutions like *erga omnes* clauses or industrial action regulation can work as preconditions for coordinated bargaining. However, with the exception of Due et al. (1993), third party intervention in collective bargaining does not figure prominently in institutionalist accounts of bargaining coordination. It is to this issue that I now turn.

Mediation as a coordinative process

The purpose of this section is to present theories of mediation in collective bargaining and to couple insights from behavioural approaches with institutionalist approaches to mediation. This leads to an outline of the underlying framework for understanding how mediation purpose and capabilities can influence horizontal bargaining coordination.

I find it analytically instructive to regard third party intervention both as a behavioural process and as an institutionalised process. This does not mean that the two are distinct, but rather that they emphasise different conceptual aspects of intervention in collective bargaining. The behavioural approach focuses on the techniques, strategies, tactics, personal qualities, styles, etc. of the third party (e.g. Carnevale, 1986; Kressel and Pruitt, 1985). This is usually the approach adopted by US-based studies, which also comprise ethnographic observation studies of bargaining processes (Kolb, 1983), surveys of mediation practices and success (e.g. Kochan and Jick, 1978), and case studies (e.g. Rojot et al., 2005), together with many prescriptive works on how to intervene successfully (Bingham, 2004; Fisher and Ury, 1981; Vindeløv, 2008). The institutionalist approach, on the other hand, stresses the formal conditions for interventions, i.e. the mandates, capabilities and purposes on which intervention is based. In the paper 'In search of control', I strictly abide by a narrow institutionalist approach to calibrate formal strength of third party intervention across 17 European countries. However, in the other papers, I mix the two approaches.

To paraphrase Galenson (1955) and Due et al. (1993), third party intervention can be the crucial stage of collective bargaining as it is the last stage of bargaining in which parties have not yet caved in to the demands of the counterpart. In coordinated systems, this makes mediation even more important. However, the importance of third party intervention hinges upon the mandates and capabilities of the intervener: What are his or her powers? In formalistic institutionalist

terms, the key dimensions used to categorise third party intervention are: 1) the capability of settling disputes, and 2) whether interventions are compulsory or voluntary to the bargaining parties. Stokke (1998) summarises this in the following stylised matrix:

Table 4: Categorisation of third party intervention

	Agreement a result of parties w. third party help	**Agreement a result of proposal by third party**	**Agreement a result of third party decision**
Voluntary	Voluntary conciliation	Voluntary mediation	Voluntary arbitration
Compulsory	Compulsory conciliation	Compulsory mediation	Compulsory arbitration

Conciliation refers to activities that bring conflicting parties back to the bargaining table, typically at a bargaining impasse. Conciliatory activities include, for example, information sharing, deliberation and persuasion, but the third party cannot propose settlements. The bargaining parties more or less have control over the process, but they have complete control over the proposals and counterproposals. Mediation also consists of conciliatory activities, but in mediation the third party is able to propose settlements that parties can decide on. They do not have to accept mediator proposals, and more often than not, they settle on their own. In other instances, however, simply because the mediator has the capacity to make a proposal, bargaining parties anticipate this and try to influence the direction of the proposals. This obviously enhances the power of the mediator, as I will elaborate below. Arbitration involves the possibility of making binding awards to the parties, i.e. giving the third party final decision-making power. The competence of the third party to make binding awards ultimately rests on the perceived legitimacy of the third party, as Weber would argue. In free collective bargaining, compulsory arbitration in conflicts of interest is rather rare, as I show in 'In search of control'.

Voluntary arrangements involve an offer of third party assistance to bargaining parties that have reached a stalemate in bargaining. They can decline this offer. Some systems require that at least one party makes a request for third party assistance. Compulsory arrangements obviously compel parties to accept third party intervention. Systems differ on whether compulsion requires certain processes to happen, such as a notification of industrial action or simply a bargaining impasse.

As noted above, the literature and theory development on mediation behaviour is primarily US-based although there are notable exceptions. Does this make it ill-suited for horizontally co-

ordinated bargaining systems? No. In the following I will show how the mediation literature can be of value to studies of bargaining coordination.

Kerr (1954), one of the leading IR scholars of Dunlop's generation, contends that the mediator's primary technique is reducing irrationality in the bargaining situation. This is similar to Simmel's argument. Kerr goes on to argue that mediators typically insist on establishing and referring to common information on key economic circumstances for bargaining, e.g. inflation rates, productivity rates, unemployment rates, wage drift, revenue of companies, etc. If bargaining has a 'logic of information' (Culpepper, 2002; Coase, 1937) by which agreements can be achieved when parties exchange vital information, then mediators are helpful in this regard (Fisher and Ury, 1981). This also involves gaining the confidence of bargaining parties, for example through separate meetings (Kolb, 1983). In this way, the actual limits of the bargaining positions can be known, and the mediator – through the virtue of knowing each side – can figure out where the common ground is. As I show in 'Three approaches to coordinated bargaining' , information, however, is not necessarily neutral, and the ordering of different types of information becomes pivotal. Thus, if mediators give great weight to international wage differentials, this will be helpful for the exposed sector. Conversely, if mediators give great weight to domestic wage differentials, this might undermine wage moderation. The 'Did mediation save coordinated bargaining' paper shows that this issue is largely solved institutionally in Sweden and Denmark.

Thomas C. Schelling (1960) provides a very influential contribution to the issue of mediation. He argues that 'focal points' in negotiations alleviate a situation in which parties have a multitude of possible agreements. Focal points fix the negotiations to certain areas of the agreement zone, which greatly reduces the number of possible agreements. Schelling (1960: 144) argues that third parties can help in this regard: *'When there is no apparent focal point for agreement he or she can create one by his power to make a dramatic suggestion'*. This is a kind of agenda-setting power that will force bargaining parties to focus on a specific agreement zone. Moreover, mediators can do this by referencing a specific piece of information, as noted above. For example, the mediator can reference wage increases in neighbouring countries and indeed in the manufacturing agreements, provided these have been settled first. A focal point is thus set by the mere communication of the mediator. As I show in 'Did mediation save coordinated bargaining' and in 'Three approaches to coordinated bargaining' , this technique is directly institutionalised in Swedish and Danish mediation through the sequencing of bargaining areas and by pegging the

mediator proposals to the cost norm agreed to in manufacturing. In this way, there is nothing 'dramatic' about it.

A fourth technique is time management and setting deadlines after which conflict is inevitable. By setting short deadlines, parties are forced to figure out a solution, and the risk of imminent conflict might persuade them to make larger concessions than they would otherwise be willing to make. In coordinated systems this is usually achieved by setting uniform deadlines on agreement periods; i.e. agreements expire and are renewed simultaneously (Sisson & Marginson, 2002). Mediation then typically commences at a predetermined time in order to end all negotiations on a common date. By referring to other bargaining units that have already concluded negotiations, mediators can put pressure on the remaining units. A related technique is making the positions of bargaining parties known to the public (Kerr, 1954). While very controversial, such public 'naming and shaming' (or the threat thereof) can discipline bargaining parties as they endure public scrutiny for defections from the common rule. As noted in 'Did mediation save coordinated bargaining', there is now a possibility for 'public deliberations' in Swedish manufacturing if a bargaining unit has not settled along with the others. Therefore, if a bargaining party wishes to defect, then the reasons for this must be publicly known and potentially scrutinised.

Mediators also play a role in intra-organisational bargaining of unions and employers associations as 'scapegoats' (Kerr, 1954; Walton and McKersie, 1965). By proposing a settlement that is highly unsatisfactory for the constituency of a bargaining party, this bargaining party can shift the blame to the mediator. In reality, the proposal is the only feasible bargaining result, but the constituency is asking its leaders for more; i.e. there is no overlap between the inter-organisational and intra-organisational agreement zones. If mediators present a 'take it or leave it' proposal, constituencies are left with the difficult choice of approving the result or commencing industrial action. Leaders, on the other hand, can blame mediators and thereby retreat honourably (Koefoed Bjørnsen, 2006), saying that they did everything possible and that now only conflict remains. Leaders – with their privileged knowledge from the bargaining table – try to convince their constituency that conflict entails great risks and that the potential benefits are minimal now that the other party can adopt the mediator proposal as a fair solution. However, the blame for this situation is squarely placed on the mediator. The scapegoat role is present in both Denmark and Sweden and is often used in horizontal bargaining coordination when union leaders in booming industries accept wage moderation to the discontentment of their constituen-

cy. Conversely, employer associations use mediators as scapegoats when their constituency demands wage reductions due to tight product markets, as we show in 'Bargaining in the crisis'.

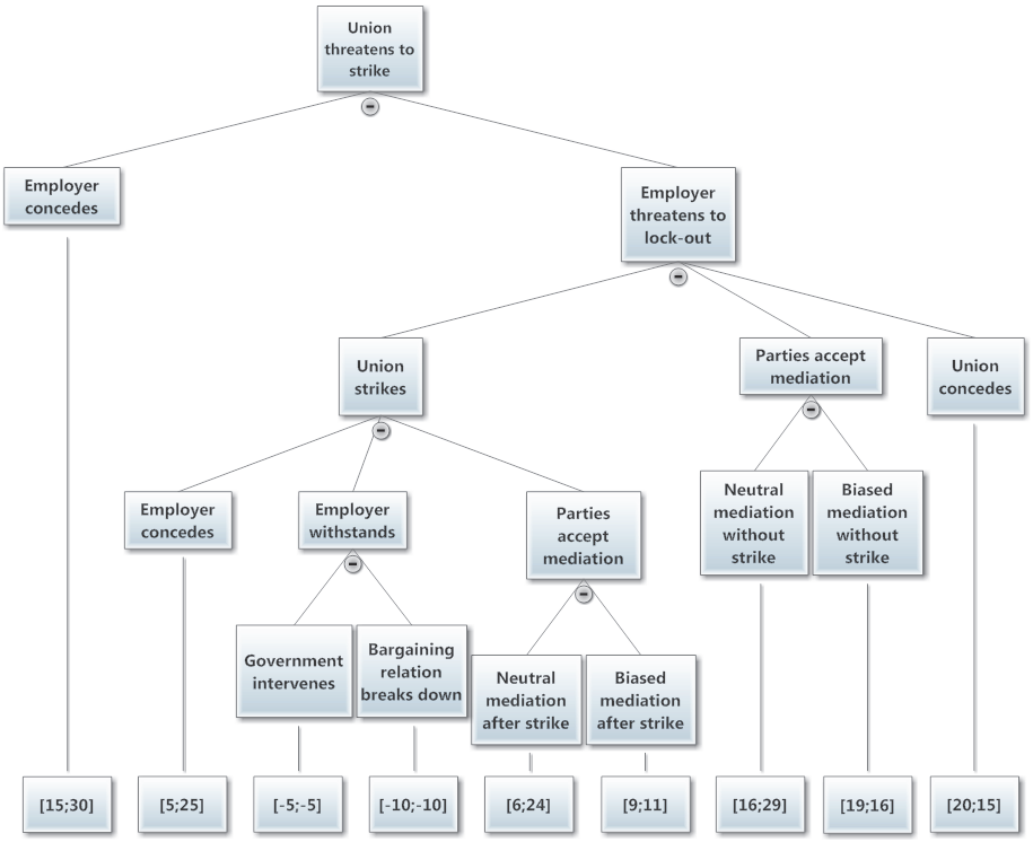
The success of different techniques on settlement rates has been attributed to many different factors. Kochan & Jick (1978) survey a large number of mediation processes and try to explain success of mediation with sources of impasse (the nature of conflict), mediator strategies and characteristics, and procedures for mediation. They end up concluding that mediation is secondary to the experience of negotiators. Kolb (1983) is more positive on the impact of mediators, arguing that there are two types of mediators: dealmakers and orchestrators. The former actively makes suggestions to bargaining parties on how to make offers and counteroffers and will even manipulate parties to reach agreements. The latter view their role as assisting parties to reach agreements and encouraging parties to explore common ground, rather than actively telling them what to do. Both are influential for bargaining settlements but in different ways and with different experiences of mediation by the parties. Recently, conflict studies of international relations have shown that non-neutral mediators, i.e. parties with a specific settlement in mind, are more effective in producing agreements (Carnevale and Arad, 1996). This is because they are more focused and have a clearer sense of direction in the mediation process. Moreover, they are typically facing an incentive structure – not necessarily pecuniary – that binds them to the politically defined goal. As I show in 'Did mediation save coordinated bargaining' this issue is actually essential in horizontal coordination, albeit in different ways for Sweden and Denmark.

The issue of neutrality in mediation is directly linked to its institutionalised purpose. Two major purposes of mediation in coordinated bargaining systems can be identified (Stokke, 1998). The first is the procurement of labour peace (Brown, 2004). It almost goes without saying that third party intervention in collective bargaining is designed to avoid labour conflicts. Labour peace is regarded a collective good in itself as work stoppages constitute loss of economic activity and potential loss of income[3]. If labour peace is the primary purpose, it follows that we should expect a mediator proposal, ceteris paribus, to reflect the interests of the stronger party because otherwise it is doomed to be rejected. Secondly, third party intervention can have explicit political-economic purposes; that is, a certain kind of agreement might be built into the mandate of mediation. For example, mediation might be designed to protect the weaker bargaining party to avoid bargaining results that effectively crush one party. Alternatively, it might be designed simply to be split evenly between opposing parties' demands. Finally, mediation might be designed to protect macroeconomic stability, which brings us closer to the aims of horizontal coor-

dination. As I show in 'Did mediation save coordinated bargaining', Sweden and Denmark formally differ on this point. In Denmark, mediators are formally restricted to secure labour peace, but de facto they are involved in wage moderation. In Sweden, mediators are formally responsible for sound wage developments. Thus, in contrast to US-based literature on mediation at the workplace level, mediation in coordinated bargaining systems takes on systemic purposes.

Based on bargaining theory (I primarily build on the insigts of Elster, 1989a; Crouch, 1993; Walton and McKersie, 1965; Scharpf, 1997), we can now arrive at a theorisation of the coordinative effect of mediation in horizontal coordination. I illustrate the effect of mediator purpose with a decision tree (see below) that explains the strategic decision points which parties in sheltered sectors face with different mediation institutions. The decision tree therefore spells out the logic on which my analyses in 'Did mediation save coordinated bargaining' and 'Bargaining in the crisis' are based on. In doing so, this section elucidates my papers by showing theoretical expectations of the coordinative effect of mediation. The crucial distinction is made between neutral mediators whose only purpose is labour peace, regardless of the outcome, and biased mediators whose purpose is to broker settlements in line with sound wage developments which, in this regard, conform to the manufacturing norm.

Figure 1: Decision tree for privileged alliance



Payoffs: [employer; union]

Employer				**Union**			
Costs		*Benefits*		*Costs*		*Benefits*	
Concession:	5	Manufacturing norm:	20	Strike:	5	Manufacturing norm:	15
Strike:	10	Scapegoat if neutral mediator:	2	Transaction cost mediation:	1	Benefit of breaking norm:	15
Cost of neutral mediation:	5			Government intervention:	20	Scapegoat if biased mediator:	2
Transaction cost of mediation:	1						
Government intervention:	15						

	Employer payoffs	**Union payoffs**
1	20 (union concedes)	30 (employer concedes)
2	19 (biased mediation without strike)	29 (neutral mediation without strike)
3	16 (neutral mediation without strike)	25 (employer concedes after strike)
4	15 (employer concedes)	24 (neutral mediation after strike)
5	9 (biased mediation after strike)	16 (biased mediation without strike)
6	6 (neutral mediation after strike)	15 (union concedes without strike or mediation)
7	5 (employers concede after strike)	11 (biased mediation after strike)
8	- 5 (government intervention)	– 5 (government intervention)
9	- 10 (bargaining relation breakdown)	– 10 (bargaining relation breakdown)

Figure 1 – developed with the kind help of Lauge Skovgaard Poulsen – shows the stylised decision tree model of bargaining and mediation for the privileged sheltered alliance in which there

are nine possible outcomes. Supposing that the exposed strategic alliance in manufacturing goes first in bargaining and sets a cost norm, employers and unions in privileged industries can of course agree in line with the norm, giving hypothetical payoffs of [20 for employers; 15 for unions]. This is the baseline for the actors in the privileged alliance. In accordance with the theory outlined above, unions with market power have an interest in defection and threaten with industrial action. Employers now have two options. They can simply concede and agree with the union outside the norm [15;30] or threaten with a lockout. In the latter case, unions can either concede to the strategic norm, which will be criticised by rank and file [20;15], commence the strike, or agree to mediation with the employers. In biased mediation, the settlement will not exceed the norm [19;16] but unions can use mediators as scapegoats for not settling above the norm. In neutral mediation, conversely, unions can use their market power and threaten to decline the proposed settlement if it is not superior to the norm, and employers can use the mediator as a scapegoat, thus offsetting some of costs of defection [16;29]. Together with employers conceding [15;30], neutral mediation without a strike is the Nash bargaining solution (Scharpf, 1997) with total payoffs of 45 – the only, albeit important, difference being the distribution of payoffs (Elster, 1989a).

Some belligerent employers might decline mediation and prefer conflict, which leads to a strike by unions. For employers, continuation into industrial action is a uniformly bad solution compared to first step mediation, but it could be used to lower the payoffs of the union, which might be a goal in itself in adversarial relationships (Crouch, 1993). When industrial action is in force, several options exist. Mediators might take over at this second step to settle the conflict. If biased, the outcome will mimic the norm (if unions accept), but the parties will have suffered from industrial action [9;11]. Alternatively, in the case of a neutral mediator, unions will come out on top [6;24], but the payoff is still inferior to what it would be had there been no strike. Also, employers can concede after defeat in industrial action due to market power of unions [5;25]. Accordingly, mediation is preferable for employers in case of a strike. Government intervention is another possible outcome, but the payoffs are negative for both parties, who will lose bargaining autonomy [-5;-5]. Finally, breakdown of the bargaining relationship is, of course, also an option, but it is rather unlikely due to the mutual negative payoffs [-10;-10]. For unions, there is also a cost of striking, but it is negligible if mediation is neutral or employers concede. For union officials, the strike might, however, gain them organisational support from the rank and file (Walton and McKersie, 1965), and the probability of employers conceding after a strike (if me-

diation is not successful) should be high since government intervention [-5;-5] and breakdown of bargaining relationship [-10;-10] are not viable options for any of the parties.

Unions can therefore reason by backward induction (Elster, 1989a) that they will get no more and no less from mediation than the manufacturing norm if they do not strike a bilateral deal. Therefore, they have to either resort to industrial action or convince employers to concede and break the norm. However, with a first step neutral mediator, the settlement will, ceteris paribus, reflect the bargaining power of the parties and give the second-highest payoff for unions. For employer representatives, neutral mediation might then actually be the optimal strategy, as the blame for defection from the norm can be transferred to the mediator, i.e. the scapegoat function of mediation. If unions want to minimise the risks in industrial action, they might want to 'help' their employer counterpart by using mediators as scapegoats.

For privileged sector unions, going outside mediation and into industrial action might make sense in market terms, but institutionally this possibility can be severely circumscribed. In other words, we need to consider the decision-making procedures of parties on which neo-corporatism has intensely focused (cf. Baccaro and Simoni, 2010). Mediation institutions, however, also impinge on the decision about engaging in industrial action through its capabilities. First of all, although there is no binding award as in arbitration, mediation is often compulsory. This at least slows down conflict, and mediation typically involves a restriction of industrial action during the mediation process. This can include a mandatory notice period for industrial action, extension of mediation period or a cooling-off period (Stokke, 1998). Similarly, the mediator can compel parties to engage in real negotiations; that is, they have to exhaust all possibilities for a compromise before choosing the outside option. Via such procedures, pattern followers are compelled into mediation and cannot go it alone until the mediator has proposed at least one settlement. Furthermore, and this is crucial, mediators can affect final decision-making on proposed settlements. This can, as noted above, be done indirectly by publicising the proposed settlement, thereby exposing potential defectors, or directly by choosing the procedure for decision-making, most commonly through balloting or competent assembly. Indeed, the balloting procedures are vital for understanding differences between Sweden and Denmark. Note that compulsory mediation does not entail binding awards as in arbitration but rather capabilities that raise the costs and lower the feasibility of defection. Stipulating the internal ratification process of bargaining parties is highly controversial but has been a cornerstone of the statutory procedural framework for industrial relations in many countries (Baccaro and Simoni, 2010; Valdés Dal-Ré, 2003;

Flanders, 1974). In 'Did mediation save coordinated bargaining' and in 'Bargaining in the crisis', I show just how important these mediator capabilities are in Sweden and Denmark.

The challenge of institutional change

The sections on the role of coordination and mediation herein might give the impression that institutions have invariant effects and that they are stable. However, the development in collective bargaining – not least in Sweden and Denmark – are by no means characterised by stasis. Arguably, we need to explain the effects of institutions in a dynamic way that incorporates how and why institutions change over time. The purpose of this section is accordingly to outline selected perspectives on institutional change and locate my papers in this strand of literature.

In 'Did mediation save coordinated bargaining', I argue that the crisis of centralised peak-level bargaining in Sweden and Denmark posed a challenge of institutional design. Unions, employer associations and governments had to change the bargaining system in order to restore wage moderation and introduce flexibility while preserving some level of equality. In addition, they had to do this without compromising the tradition of voluntarist industrial relations, in which the state mainly provides a statutory procedural framework for bargaining and stays out of substantive regulation (e.g. Ibsen and Stamhus, 1993; Kjellberg, 2009). The challenge was one of institutional change without the dismantlement of the particular small open economy corporatist way of doing politics that Katzenstein (1985) writes about. I argue – along with Elvander (2002), Due et al. (1993) and Stokke (1998) – that the solution can partly be found in reconfiguring conflict regulation both between bargaining parties and inside bargaining parties, most notably through mergers. In 'Bargaining in the crisis', I also argue that this process might not be complete in Sweden, which seems to be trailing Denmark in some respects, most notably on the issue of defections from the manufacturing norm. However, I also show in 'Did mediation save coordinated bargaining' and in 'Three approaches to coordinated bargaining' that the stability of the bargaining system in Denmark comes at the cost of bargaining autonomy and wage disparities. I give special attention to how mediation institutions in Sweden have changed both in form and function from a relatively weak institution to an important 'institutionalised part of bargaining' (Stevens, 1963). I furthermore argue that the Danish mediation institution has changed its function because the actors use it differently now compared to how they used it during centralised bargaining.

Two points can be drawn from this overall argument. Firstly, the declarations of the death of the Swedish and Danish models made by some scholars were exaggerated (e.g. Lash, 1985; Pestoff, 1995) – as is also shown in other accounts (e.g. Pontusson, 2011; Thelen, 2012; Due et al., 1994; Kjellberg, 2009; Ibsen and Stamhus, 1993). As Katzenstein proposes, adaptability is part of politics in small open European economies, and while such changes can have potential distributional consequences (Baccaro and Howell, 2011) they do not fundamentally compromise coordination as a policy-making process. Secondly, as Due et al. (1993) propose, bargaining parties also have intrinsic interests in 'organisational conservatism' that preserve their bargaining role, and this role can only exist in relation to a counterpart (Martin and Swank, 2012; Mailand, 2008). Governments actually did threat the bargaining system with 'Solomonic compromises' during the 1970s-1980s in Denmark and in the 1990s in Sweden (Elvander, 2002; 1988; Due et al., 1994; Kjellberg, 1998). This gave an impetus to the parties to come up with new institutional solutions, the design of which was ultimately political and based on reconfigured coalitions (Thelen, 2012; Iversen, 1996). Taking these points together, I side with the path dependency argument (Mahoney, 2000a; Teague, 2009), although I acknowledge that institutional changes are prevalent and nontrivial for labour market outcomes.

How does the dissertation's arguments on institutional change fare against the burgeoning literature on this subject (cf. Streeck and Thelen, 2005; Campbell, 2004)? In order to answer this question, I find it instructive to locate the papers in the literature on institutional change using four dimensions: 1) what is the impetus for institutional change, 2) what are the processes and consequences of change, 3) what are the forms of changes, and 4) what is the agency of institutional change? In the following, I will go through these four dimensions and show the papers' positions on each. In this manner, we get a picture of what drove institutional change in Denmark and Sweden, how the processes of change were and what consequences they have had, what form of change prevailed in each country, and finally which actors were most important in change processes. By doing this, the dissertation adds new knowledge to the crucial issue of institutional change in the collective bargaining systems of Sweden and Denmark, which can possibly be applied in future research on how coordinated bargaining systems evolve.

1) Scholars diverge over the impetus for institutional change. Studies of change in collective bargaining institutions often note that institutions are path-dependent in that once established they are difficult to alter (Poole, 1984; Crouch, 1993). Thus, institutional paths created at past critical junctures have lasting effects on action beyond their initial creation (Mahoney, 2000a).

For example, principles of the September Compromise of 1899 in Denmark and the Saltsjöbad-agreement of 1938 in Sweden have largely remained intact up till today, stipulating mutual recognition for bargaining and procedures for industrial action. Actors become 'locked into' the possibilities and constraints of institutions (Teague, 2009) and there are positive feedback effects – or increasing returns – for adhering to a certain institutional logic (Pierson, 2000). Conversely, changing institutions is costly and risky as no one knows the behavioural outcomes of new institutions (Farrell and Knight, 2003). In order to upset such institutional equilibrium, exogenous shocks are needed that fundamentally change the opportunity structures or worldviews of actors. Such shocks include wars and economic crises, fundamental technological breakthroughs and their consequences for the occupational structure, or political shocks like the establishment of the Common Market or the EU enlargement. These exogenous shocks are surely beyond the control and influence of actors within collective bargaining institutions, but they will force actors to re-visit institutions in order to conform to new external circumstances. Indeed, the decentralisation of bargaining in the 1980s-1990s is typically explained by exogenous impetuses such as new flexible production systems, persistently high unemployment and product market internationalisation (Katz, 1993; Ibsen and Stamhus, 1993).

In my analyses, I take the structural changes as givens but argue that the responses to these were political and highly contentious. Consequently, instead of repeating the analytical exercise of explaining why decentralisation from peak-level bargaining happened, I want to explain what followed and why a certain institutional design was chosen. Even in extreme situations like war or natural catastrophes, actors have choices in how to respond to shocks, and often they will make use of existing institutions to weather the storm. This does not invalidate the claim that exogenous shocks are an important impetus for change, but rather that they leave indeterminacy. Moreover, because decentralisation from peak-level bargaining was spectacular, scholars often forget that the new institutional designs will need time to settle before we can fully comprehend their significance. Therefore, I find it interesting to analyse bargaining rounds where new institutions 'come alive'. This requires a different analysis of institutional change that is not focused on exogenous shocks or structural changes but on gradual changes in how actors 'use' institutions.

I follow scholars that have recently argued that exogenous shocks cannot be the impetus for all forms of institutional change (Streeck and Thelen, 2005; Mahoney and Thelen, 2010). Impetus for institutional change can also be endogenous when actors change institutions 'from within' without external circumstances sparking such changes. Endogenous change flows from entrepre-

neurial actors in politics and markets. This is therefore a less deterministic view on institutions which leaves space for reinterpretation or defections (Hall and Thelen, 2009). Firstly, institutions are never self-evident, leaving room for different interpretations and reinterpretations of institutional logics. As time passes, for example, new actors 'born' in different times and exposed to new ideas in other institutional domains will not fully adopt the institutional logic from 'old actors'. To rephrase Berger and Luckmann (1967), the subjective creativity of the new generation replaces the old objectivity of the old generation in active rediscovery. Thus formal stability of an institution can actually conceal the changing of the inter-subjective meanings of the institution. Secondly, through repeated defections from the institutional logic by opportunistic actors, institutions might be altered to conform to actual practice. This turns institutionalism on its head by supporting the notion that formal institutions follow from bottom-up practices, rather than the other way around. Indeed, it has often been the case in collective bargaining that persistent defections from industry-level agreements at the company level have spurred new provisions in those agreements (Navrbjerg et al., 2001). Again, defections are conceptually possible because institutions are viewed less deterministically. In 'Did mediation save coordinated bargaining', 'Bargaining in the crisis' and 'Three approaches to coordinated bargaining' , I show how institutions are being 'moulded' in sequential bargaining rounds – a similar approach to that of Due et al. (1993) and Stokke (1998) and Elvander (1988).

2) The processes and consequences of institutional change differ accordingly. Streeck & Thelen (2005) argue that processes of change can either be incremental or abrupt. Focusing on incremental processes alerts scholars to seemingly trivial processes, that might (or might not) have consequences for the form and function of institutions. Therefore, not only wholesale institutional reforms matter.

Table 5: Processes and consequences of institutional change

		Consequences	
		Continuity	*Discontinuity*
Process	*Incremental*	1. Reproduction by adaptation (path dependency)	3. Gradual transformation (Drift, Conversion, Displacement, Layering)
	Abrupt	2. Survival and return (path dependency)	4. Breakdown and replacement (critical junctures)

The question is whether the processes have lasting consequences, viz. whether they result in continuity or discontinuity. In incremental processes with continuity, institutions are reproduced by adapting to new circumstances, i.e. path dependency. However, these incremental processes might also gradually transform the institutional logic and therefore agency. This form of change is relatively new to institutional analysis and I will elaborate on it below. The abrupt processes are more familiar. Sometimes, continuity might be a consequence as the original institutions survive and actors return to familiar agency patterns. Alternatively, abrupt processes might result in discontinuity through breakdown and replacement of old institutions with new ones, i.e. a new critical juncture.

The issue of consequences divide scholars immensely (Howell and Givan, 2011; Baccaro and Howell, 2011; Streeck, 2009; Thelen, 2012) as it depends on the manner by which real change is distinguished from superficial modification in, e.g., formal form, actual function or socioeconomic outcomes. This has led scholars to argue whether the glass is half empty or half full (Thelen, 2012). As noted above, I argue that many scholars were wrong in concluding that the abrupt retreat by the Swedish employer confederation in 1990 was a breakdown of the Swedish model, however spectacular the retreat was (Pestoff, 1995). They were wrong because there was at least a partial return to coordinated bargaining, albeit within new formal institutions and with somewhat different socioeconomic outcomes. Therefore, in 'Did mediation save coordinated bargaining' and in 'Three approaches to coordinated bargaining' , I side with Katzenstein (1985) and Pedersen (2011) in arguing that the forms of coordination might change with controlled changes in socioeconomic outcomes to follow, but the fundamental way of doing politics in a coordinated manner has persisted. In other words, actors changed institutions in response to new circumstances so that they would persevere. Moreover, unions and employer associations adapt to new circumstances in a relational manner in which the organisational survival is also at stake (Due et al., 1994; Martin and Thelen, 2007).

3) The forms of institutional change also differ. Zooming in on the gradual transformation through incremental processes, Streeck and Thelen (2005: 22-29) propose four forms of change. Firstly, *displacement* refers to processes in which new institutions replace existing ones. This can happen when old institutions are rediscovered or when they are imported from other institutional domains. *Layering* is a process in which new institutions with different institutional logics are established alongside the existing institutions. To some extent, I see this in Sweden with the establishment of a new dual mediation system that complements the coordinated voluntarist bargaining system (see Elvander, 2002; Teague, 2009). Differential growth between the new and old institutions, i.e. changes in the institutions toward which actors orient themselves, will determine the consequence of layering. *Drift* refers to 'bad maintenance' of existing institutions that ultimately prevents institutions from surviving. For example, persistent defections from multi-employer agreements by individual companies undermine the institutional logic and could potentially change the institutional logic or simply make it redundant (i.e. a dead letter). Finally, *conversion* refers to processes in which formal institutions are redirected towards new goals, functions or purposes. This is possible due to the ambiguity of institutions in the first place and possible unintended consequences of institutions. For example, employers were proponents in centralising bargaining in Sweden and Denmark during the 1930s to avoid 'whipsawing' tactics. However, once in place, centralisation actually served unskilled workers' unions by compressing wage structures by lifting the wage floor (Iversen, 1999).

The latter form of change is fundamental for my analysis of Sweden and Denmark, as I argue in 'Did mediation save coordinated bargaining'. In line with others (Baccaro and Howell, 2011), I argue that the purpose of coordinated bargaining has been shifted in the two countries. This result places my analysis of Sweden and Denmark oddly in-between different forms of institutional change, as I see both continuity and discontinuity in form and function of coordination. Additionally, in line with Carstensen (2010), I see signs of how the ideas of wage moderation, flexibility, solidarity and voluntarism are being moulded by unions and employers' associations that are grappling with how to combine these four ideas. Thus, flexibility is cast both as something that collective bargaining now allows but also controls, i.e. centralised decentralisation. Wage moderation is cast as a win-win that increases competitiveness and employment, although it will gradually increase wage differentials as I show in 'Three approaches to coordinated bargaining' . Solidarity in Denmark is no longer equal wage for all work but equal wage for similar jobs and equal opportunity (Baccaro and Locke, 1998; Pontusson, 2011). Finally, voluntarism is

no longer merely non-interference by the state (Kahn-Freund, 1954) but is also bargaining autonomy vis-à-vis manufacturing.

4) Turning to the agency of institutional change, two major schools of thought dominate the literature, as I also show in 'Did mediation save coordinated bargaining' and 'Three approaches to coordinated bargaining'. Firstly, the so-called power resource theory – often associated with Walter Korpi (Korpi and Shalev, 1980; Korpi, 2006) but found in a large part of the IR literature (Kelly, 2011; Teague, 2009) – explains levels of coordination, extent of regulation of markets and socioeconomic equality with two factors: strong unions and strong left-wing parties, most notably Social Democratic parties. Applied to changes in bargaining coordination, high union density is essential. Commons and the Webbs early on found that the organisation of workers into trade unions is the very foundation for collective bargaining. On their part, strong left-wing parties produce regulation, statutory recognition, and procedural frameworks that underpin bargaining as the primary regulatory process in labour markets. As Traxler (2003a) notes, bargaining coordination rests on either high union density or statutory mechanisms for extension of collective agreements to unorganised employers (*erga omnes* clauses). Likewise, Sisson (1987) shows that strong unions are the impetus for employers to engage in bargaining, and as Korpi (2006) writes: *'employers are unlikely to have first-order preferences for reforms extending social citizenship rights'*. Hence, strong unions make employers consent to their second-order preference of coordinated bargaining.

Secondly, the so-called cross-class alliance theory – often associated with Peter Swenson and proponents of the Varieties of Capitalism (VoC) framework – explains levels of coordination with coalitions between employers and unions at the industry level. By 'bringing capital back' the primary actors behind institutional change are employers, but they can form strong cross-class alliances with unions (Swenson, 2002). Swenson shows that employers were proponents of centralised bargaining to avoid union whipsawing and explains the resilience of bargaining coordination with employers' vested interest in the bargaining system. Pontusson & Swenson (2000) remark how manufacturing unions and employers were the key drivers in the decentralisation from peak-level bargaining when centralised bargaining no longer catered to their interest in wage moderation and solidarism. Traxler (1995) argues that unions help employers in control markets by disciplining workers and extending bargaining coverage to companies that would otherwise be free-riding on collective agreements. Hall & Soskice (2001) propose that employers derive benefits from coordinated bargaining when it complements other institutional fields such

as vocational education and training, employment protection legislation and banking systems. Employers in so-called coordinated market economies have a special interest in preserving good relationships with unions, which helps them pursue business strategies based on highly skilled workers, incremental innovation and 'patient capital' (Hall & Soskice, 2001).

In 'Did mediation save coordination', I argue that the two theories can be combined if we consider Korpi's (2006) suggestion that employers actually have a second-order preference for coordination, which they will pursue more or less actively depending on union strength. The theories are, however, too general to explain the institutional trajectories of Sweden and Denmark. On a conceptual level, they underspecify how general interests are translated into concrete institutional designs. In this regard, the ideational approaches to institutional change might lend a helping hand (Schmidt, 2010). In 'Three approaches to coordinated bargaining' , I argue that four ideas come together in the institutional change processes of Sweden and Denmark: wage moderation, flexibility, solidarity and voluntarism. I show that the coalitional foundation for institutional changes affect the equilibrium between these four ideas. For example, the centralisation of power by employers accomplished by creating DI in Denmark produces an equilibrium that privileges wage moderation and flexibility over equality (of wages) and voluntarism. By accepting the idea of supply-side solidarity instead of distributive solidarity – or what Pontusson (2011) calls equal pay for equal jobs, instead of equal pay altogether – Danish coordination has changed its function of wage equalisation without incurring a wholesale erosion of solidarity (cf. Baccaro and Locke, 1998; Due and Madsen, 2006).

4. Methods and data

In this section, I outline the methods and data used for the papers. At a general level, the dissertation compares cases to arrive at quasi-rule-like relationships between certain conditions and certain outcomes in specific contexts. Each paper thus departs from a case-based research tradition (Ragin, 1987) in which the phenomenon in question is regarded as a complex whole with multiple analytical dimensions that need to be considered together. Accordingly, an explanatory condition is usually only causally related to an outcome if combine with other conditions which is also called conjunctural causation. Regardless of whether the number of cases is two or seventeen, this is the basic logic, although my comparisons of Sweden and Denmark obviously allow for much more detail than my comparison of seventeen Western European countries. I begin the section by outlining the basic logic of the comparative case analysis and the reasons why some have criticised it. I then outline the logic of fuzzy set qualitative comparative analysis and the way it answers some of the criticism of comparative case analysis. Next, I show how process tracing, especially using elite interviewing, is a complement to comparative case analysis. In the final part, the data used for the papers are presented.

The comparative case analysis

In the comparative spirit of the dissertation, it is instructive to compare the chosen method to conventional quantitative statistical methods using the yardstick of randomised experiments. In randomised experiments, as in medical studies, the effect of a cause is realised through observation of patients (the target group) that are given a specific treatment and comparison of the relevant effects with observation of other patients that are not given the treatment (the control group) (King et al., 1994). If there are differences between the two groups, we can infer that the treatment has a causal effect on the observed differences. By randomising the two groups, we can furthermore ensure (as well as possible) that the observed differences are not related to other factors stemming from selection bias. Moreover, by controlling the exposure to other factors, e.g. by confining groups to a specific laboratory setting, other unobserved factors are controlled for with only the treatment factor varying between the two groups. Thus we get the 'clean' effect of the cause, and we avoid the possibility that the effects of the cause are spurious, i.e. actually caused by background factors or mediating factors (Geddes, 2003). Randomised experiments are very hard to reproduce in social sciences, although laboratory-like experiments are gaining ground in some disciplines. One prominent problem is the external validity of such experiments,

i.e. whether the observed effects would happen in 'real life'. I would argue that constructing an experiment of horizontal coordination of bargaining would be an insurmountable design challenge.

One way to assimilate experiments is through the variable-based comparison of like units that allow for statistical control and generalisation (Lieberson, 1985). If enough units co-vary on the independent and dependent variables – concomitant variation (Mill, 1843) – then statistical measures can assess whether the correlation between these two variables actually exists in real life. As Gerring and Thomas (2011) note, statistical analyses rely on comparable quantifiable information that can readily express the variables of interest and renders statistical methods like regression analysis possible. Here, analytical units, such as individuals, organisations or countries, are treated as variables with discrete effects. Similarly to randomised experiments, selection should ideally be randomised to avoid selection bias – although this is hard in studies using countries as units – and the number of cases should be large enough to match the number of variables due to the degree of freedom issue (Lieberson, 1985). While correlation should not be confounded with causal relationship, correlations that are statistically significant, i.e. the relationship between variables is a result of a rule-like pattern rather than mere chance or randomness, can at least not be falsified as real causes of outcomes (Popper, 1963). It is this basic logic that comparative studies of collective bargaining coordination use to assess the effects of institutions on macroeconomic issues such as wage restraint, employment and unemployment, using, e.g., time-series cross-sectoral analysis (e.g.Traxler and Brandl, 2012; Baccaro and Simoni, 2010).

Another approach to infer causal relationships relies on the case-based comparison. Instead of converting analytical units into quantifiable variation, cases are seen as 'complex wholes' with many interacting dimensions or *configurations* of relevant dimensions (Rihoux and Ragin, 2009). This approach privileges deep knowledge about cases over scope and number of observations – or put in Weberian words, understanding cases instead of explaining them. By doing so, case-based research places importance on understanding cases in their temporal and spatial context, acknowledging that relationships between conditions and outcomes are contingent upon context, unlike the general rule-like relationships between independent and dependent variables (Locke and Thelen, 1995). This inherently poses a paradox: How can we infer causal relationships when cases are treated as complex wholes? The answer lies in 1) establishing comparability of cases, 2) choosing cases to allow for controlled comparison using J.S. Mill's methods of agreement and difference, which I extend to fuzzy set QCA (Mill, 1843; Ragin, 2000), and 3)

conducting within-case analysis using process tracings of causal mechanisms (Mahoney, 2000b; George and Bennett, 2005). Nevertheless and as already alluded to above, the case-based approach chosen in this dissertation is inherently less attuned to universal causal relations than to quasi-rule-like relationships that pertain to specific points in time and in space. Accordingly, I do not view the case-based comparative approach as deterministic, like some scholars have criticised it for being (notably Lieberson, 1991).

Comparability of cases presupposes a common definition of what the cases are about, i.e. the phenomenon we are studying (Ragin and Becker, 1992). In other words, cases should be characterised by some shared attributes in order to avoid the famous fallacy of comparing apples with oranges. Comparability depends on rigorous concept formation which defines the relevant attributes of social phenomenon. Three procedures are commonplace and have inspired this dissertation. Firstly, concepts can vary in intension and extension to make them comparable (Sartori, 1970). Thus, cases that are not identical at a high level of intension can be joined using higher-order concepts and extension. E.g. men and women can be made comparable if considered to belong to the concept of a human being; i.e. all men and women have the attributes of a human being. Clearly, we run the risk that concepts can get so 'stretched' that they are rendered pointless and of little analytical value (Sartori, 1970). The concept of coordination, for example, includes both intra-industry and inter-industry coordination, but these are very different processes, albeit related. I focus mainly on inter-industry coordination in the dissertation to avoid overstretching, and in 'Three approaches to coordinated bargaining' , I show the analytical consequences of various conceptualisations of bargaining coordination. Secondly, concept formation through family resemblance does not presuppose that all cases share all attributes (Collier and Mahon, 1993). For example, domestic violence, boxing and drive-by shootings are in a general family called violence, although they do not share all attributes of violence. The concept of third party intervention can be broken down into various practices like conciliation, mediation and arbitration that do not share all attributes but have family resemblance due to some shared practices like trying to settle conflicts. Thirdly, Weberian 'ideal types' define the relevant attributes of an object in a stylised manner in relation to which actual cases can be categorised and measured (Weber, 1978). As a precursor to this, I use the family resemblance concept formation to list the different attributes of conciliation, mediation and arbitration. Therefore, the fsQCA analysis of 'In search of control' constructs the 'ideal type' of strong third party intervention institution using a configuration of formal institutional capabilities, such as mandatory arbitration and no-

tice periods for strikes, and calibrates how national institutions conform to these ideals. In this way, I employ different concept formations in each paper depending on the research question:

1. 'Did mediation save coordinated bargaining?': Configurations of institutions that constrain and enable bargaining coordination processes and outcomes
2. 'In search of control': Configurations of third party intervention institutions
3. 'Bargaining in crisis': Institutional mediation of bargaining actors' responses to market pressures
4. 'Striking a balance'. Collective agreement provisions that produce combinations of flexibility and security, i.e. flexicurity
5. 'Three approaches to coordinated bargaining': No common concept but three different approaches to bargaining coordination applied to Sweden and Denmark involving material structures, institutions and ideas

Each paper thus analyses slightly different cases based on the underlying conceptualisation of bargaining, which ultimately depends on the research question. Although the concept formations are slightly different depending on the research question, I nevertheless find them compatible as the main concept is 'configurations of institutions' as I presented in the beginning of this introduction. Only in 'Three approaches to coordinated bargaining' do I explore rather different concepts derived from different ontological standpoints.

Secondly, I choose cases to allow for quasi-controlled comparison that allows for causal inference. The method is nominal or qualitative and is based on necessary and sufficient conditions for certain outcomes (Mahoney, 2000b). Necessity of a condition is established when all cases with the outcome also share the condition. Sufficiency of a condition is established when all cases with the condition also share the outcome. The interconnections between sufficiency and necessity can be seen in the table below:

Table 6: Necessity and sufficiency

	Necessity	Non-necessity
Sufficiency	1. Only X leads to Y.	3. X can lead to Y alone, but so can other conditions.
Non- sufficiency	2. X in conjunction with other conditions leads to Y (INUS).	4. X cannot alone lead to Y and is not always present when Y is present.

Note that cell 2 includes so-called INUS conditions which I will explain below.

Two main strategies are commonplace and originate from J.S. Mill (Scientific Inquiry). Firstly, the method of agreement or most-different systems design compares cases in which the outcome is the same although all hypothesised explanatory conditions except one are different (Przeworski and Teune, 1970). The method of agreement can be used to eliminate potential explanatory conditions save the one that is shared by the cases (Ragin, 1987). As Mahoney (2000: 392) notes, this method can be used to eliminate potential necessary conditions; i.e. when outcomes are shared by cases, it is logically impossible for any hypothesised cause that is not shared by the cases to be necessary for the outcome. Case selection using this method of inference should look for cases that are different on all attributes save the outcome and one condition. Secondly, the method of difference or most-similar systems design (Przeworski and Teune, 1970) compares cases in which the outcome is different although all hypothesised explanatory conditions except one are similar. This method can be used to eliminate potential sufficient conditions; i.e. when outcomes are different among cases, it is logically impossible for any hypothesised cause that is shared by the cases to be sufficient for the outcome (Mahoney, 2000; 393). In my comparisons of Sweden and Denmark, I use the method of difference, inferring that different bargaining processes and outcomes can be traced to certain institutional characteristics – most notably mediation institutions and bargaining structure – that are sufficient for producing differences. Conversely, I argue that the countries share many relevant conditions that can therefore be eliminated as sufficient causes for different processes and outcomes. I make the reservation, however, that controlled comparison of absence/presence of conditions cannot establish causality without process tracing of causal mechanism, which I develop below.

The comparative case analysis has been criticised for many reasons (see Lieberson, 1991). Firstly, it often leads researchers to choose cases based on the dependent variable/outcome, leading to selection bias. As Geddes (2003) argues, case selection should include both presence and absence of outcomes if we are to infer causal relationship, and too many comparative case stud-

ies neglect absence of outcomes because they also display the preferred condition by the researcher. Mill's joint method of agreement and difference alleviates this problem by broadening the case selection to include both positive and negative outcomes. Therefore, cases that have similar outcomes should have different conditions save one, while cases that have different outcomes should have similar conditions save one. By contrast, Ragin (2000) argues that this criticism is flawed. It is perfectly possible to have absence of outcome and presence of the proposed condition if we accept equifinality, i.e. that outcomes can have multiple causes. Lieberson (1991) criticises the comparative methods for being deterministic; i.e. one black swan can falsify the theory that all swans are white. If the world is stochastic and causal relations are at best probabilistic, such inference method is problematic. Moreover, he criticises the methods for missing the interaction of different conditions, which makes causal inference flawed when the researcher examines individual conditions in terms of necessity and sufficiency. Fuzzy set qualitative comparative analysis remedies some of these problems.

Introducing fuzzy set qualitative comparative analysis

While I basically adhere to the method of difference in my comparison of Sweden and Denmark combined with process tracing, 'In search of control' uses fuzzy set qualitative comparative analysis (fsQCA). In a number of ways it is a step forward in improving controlled comparisons while still incorporating the basic logic of Mill in search of necessary and sufficient conditions (Ragin, 2000). Firstly, it uses set theory and set relations to go beyond nominal dichotomies of absence/presence of outcomes and conditions (Ragin, 2008). Secondly, it allows for equifinality and thus the possibility that more than one hypothesis can be supported (George and Bennett, 2005). Thirdly, it allows for conjunctural causation, that is, that conditions might only have causal effects in combination with others – something which conventional controlled comparison has a hard time with (Lieberson, 1991). Fourthly, it builds on asymmetrical causality which does not presuppose that the cause of an outcome is the same as the causes of the absence of this outcome. Finally, fsQCA provides techniques for evaluating quality of causal relations, including coverage, consistency and robustness checks. In this way, set relations between conditions and outcomes are viewed less deterministically and we get measures upon which different causal relationships can be assessed. Since fsQCA is relatively new to IR studies and cannot be outlined fully in the scope of 'In search of control', I elaborate these five points in the following.

Nominal comparisons which rest on somewhat strict concept formation followed by dichotomous observation of absence and presence of conditions and outcomes have obvious drawbacks. Cases might not only differ in kind (nominal) but also in degree. Using fuzzy sets, Ragin (2000) proposes that cases should be calibrated according to both. Cases are assigned membership scores of certain ideal typical sets ranging from 'fully in' (score of 1) to 'neither in nor out' (score of 0.5) and 'fully out' (score of 0). The level of precision can be established using these three 'qualitative anchors' that are ultimately based on the researchers' calibration of cases and which should be open for public scrutiny, i.e. transparent, in contrast to some qualitative research where assignment of cases to nominal categories is hidden. For example, I argue that full membership in the set of strong CMA can be assigned in the presence of either mandatory arbitration or mandatory mediation with strong capabilities to force parties to settle. Conceptually, I accept a degree of functional equivalence (Merton, 1967) between these two types of institutions (Gresov and Drazin, 1997) based on my reading of the institutionalist approach to third party intervention (Stokke, 1998; Valdés Dal-Ré, 2003). In the data appendix of 'In search of control', the calibrations of cases are presented in detail. Calibrations are reported in so-called raw data tables that summarise the membership scores in each condition and outcome. Based on these scores, the fsQCA software produces a truth table which runs each case's membership score in each logical combination of conditions based on the intersection of conditions (logical AND which is the lowest membership score). Logically, a case can only belong – that is, have a fuzzy membership score over 0.5 – to one row in a truth table. In ideal-typical sense, a country belongs more to one specific ideal-type of the conditions. In the truth table below, Sweden, for example, belongs to the ideal-typical row which combines high governance capacity*strong unions*weak regulation of industrial action*absence of normal courts.

Table 7: Example of truth table in fsQCA

GOVCAP	UNPOW	REGIND	COURT	No. of cases	Cases/ remainders	Consistency
0	1	0	1	4	Italy, Greece, Portugal, Spain	0.973988
0	0	1	0	3	Switzerland, UK, Ireland	0.794118
0	1	0	0	3	Belgium, Luxembourg, France	0.881874
1	1	1	0	3	Denmark, Finland, Norway	0.943396
1	1	1	1	2	Austria, Netherlands	0.728938
0	1	1	0	1	Germany	0.883333
1	1	0	0	1	Sweden	0.941176
0	0	0	0	0	Logical remainder	0.885196
0	0	0	1	0	Logical remainder	0.958904
0	0	1	1	0	Logical remainder	0.951613
0	1	1	1	0	Logical remainder	0.957143
1	0	0	0	0	Clustered remainder	0.916335
1	0	0	1	0	Clustered remainder	0.952381
1	0	1	0	0	Clustered remainder	0.91954
1	0	1	1	0	Clustered remainder	0.948276
1	1	0	1	0	Logical remainder	0.915058

The process of finding sufficient causal paths to the outcome is achieved through Boolean logical minimisation using the fsQCA 2.5 software (Ragin et al., 2006). The minimisation procedure, while logical, is rather technical based on formal logic and Boolean algebra and is not suited for this introduction (see Ragin, 1987; Schneider and Wagemann, 2012). The purpose is to reduce complexity and arrive at more parsimonious solution terms (combinations of conditions) that are related to the outcome by eliminating conditions on which cases differ, similar to the method of agreement. For example, consider a solution consisting of:

$$A{\sim}D + AD \rightarrow Y$$

We see that the combination of the presence of A and the absence of D *OR* the combination of presence of both A and D leads to the presence of Y. This solution can be reduced to:

$$A \rightarrow Y$$

This solution is more parsimonious because we have eliminated ~D and D in minimisation. Moreover, the parsimonious solution is a superset of the complex solution, i.e. it encompasses A~D + AD. The first crucial analytical point is to assess when to include truth table rows for

logical minimisation and when not to. This is crucial because some rows are not fully consistent with the outcome. The standard practice is to use a cut-off point consistency at 0,8, but this might conceal logical contradiction, e.g. countries that have high membership in the condition but low membership in the outcome, thus violating sufficiency. It is therefore advisable to consider each row based on substantive knowledge about the cases and theoretical expectations (Rihoux and Ragin, 2009), while remaining open to subsequent 'deviant case' analysis (Schneider and Wagemann, 2012).

In the example above, there are nine logical remainders; i.e. no cases 'belong' to these rows, resulting in limited diversity. Standard fsQCA includes procedures to handle this. Firstly, it is advised to look for rows that are either theoretically or logically impossible, e.g. the pregnant man[4]. I argue that four out of the nine logical remainders are so-called 'clustered remainders' (Schneider and Wagemann, 2012: 154), which are combinations that we know cannot exist in reality and can be excluded for logical minimisation. Combinations of high governance capacity and low union power can *per definition* not exist since governance capacity is built around high bargaining coverage (Traxler, 2004). It is, on the other hand, quite possible to have low governance capacity and high union power as we saw, for example, in Sweden during the 1980s (De Geer, 1992). Secondly, remaining logical remainders can be treated using 'easy counterfactuals' (Emmenegger, 2011). Counterfactuals are at the heart of any research design involving comparison (which includes practically every research design with more than one observation). In the case of logical remainders, we are faced with a logical combination of conditions that does not exist in the sample, which can be translated into a counterfactual statement: What would the outcome look like if this combination existed? This is much like the assertion that World War I would not have started had Archduke Franz Ferdinand not been assassinated in Sarajevo. But how can we establish such a hypothetical situation?

So-called difficult and easy counterfactuals are described by Ragin (2000) as simplifying assumptions on which we can eliminate conditions in solutions. The former can be illustrated by fitting an example of Ragin to my study (see also Schneider and Wagemann, 2012: 168). In a comparative case study, we have empirical evidence that strong CMA (Y) can be observed in countries with high governance capacity of unions (A), strong unions (B) and strong regulation of industrial action (C), giving the following solution in Boolean notation:

$$ABC \rightarrow Y$$

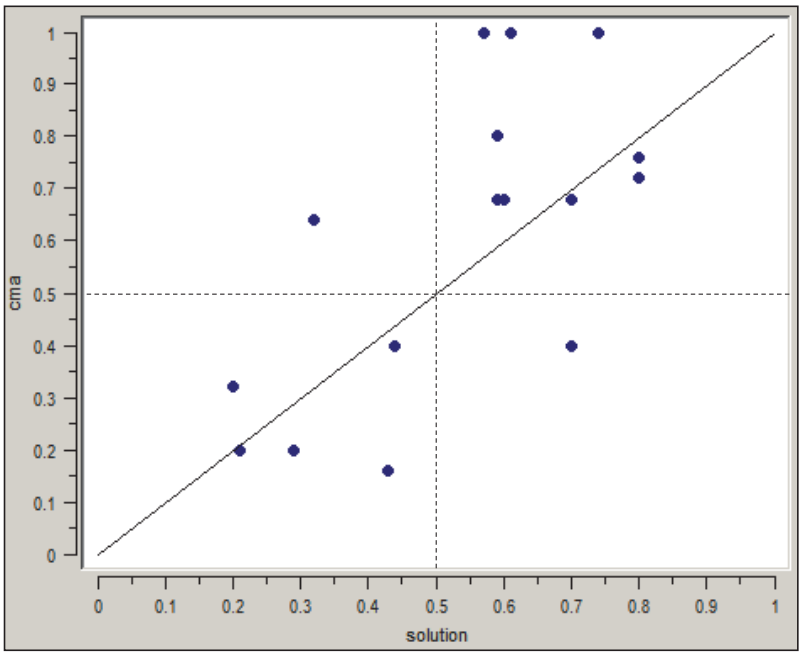
However, the sample does not include cases with the presence of A and B but not C:

$$AB{\sim}C \rightarrow Y$$

This is a logical remainder, and the conservative solution would be to stick with ABC using no counterfactuals. The parsimonious solution would entail elimination of C because it differs in the two rows, but since we do not observe the ABC combination, we need counterfactuals to do so. Based on our theory, we believe that it is in the absence of strong regulation of industrial action, i.e. ~C, that we should expect strong CMA (Y). Therefore, if the ABC combination produces Y, then it is not implausible that AB~C would also produce Y. This simplifying assumption is therefore an 'easy counterfactual'. Conversely, difficult counterfactuals make simplifying assumptions about logical remainders that go against our theoretical expectations (Schneider and Wagemann, 2012: 169). In 'In search of control', I only use easy counterfactuals and the so-called 'intermediate solution' when looking for sufficient solution terms leading to strong CMA.

The logic of necessity and sufficiency can be translated into fsQCA through set relations in conditions and outcomes. 'In search of control' regards a condition necessary when it is present in every country with strong CMA. In set-theoretical terms, this means that the membership score of a case in the outcome is equal to or lower than the membership score of the condition (Ragin, 2000). Thus, when the score is low in the outcome, viz. a non-case of strong CMA, the score in the condition is allowed to be high because this does not violate necessity. In set theory, a necessary condition is identified if the outcome is a subset of the condition. A sufficient condition, on the other hand, is identified when the membership score of a case in the condition is equal to or lower than the membership score of the outcome (Ragin, 2006). Thus, when the score is low in the condition, i.e. a non-case of the condition, the score in the outcome is allowed to be high because this does not violate sufficiency. In set theory, a sufficient condition is identified if the condition is a subset of the condition. Remember that, due to equifinality, sufficiency does not preclude other conditions producing the outcome. The set-theoretical logic of necessity and sufficiency can be illustrated with a simple XY-plot taken from 'In search of control'.

Figure 1: XY scatter plot of solution and outcome



The Y-axis represents membership in the outcome, viz. strong CMA, and the X-axis represents membership in the conditions. Cases above the diagonal are consistent with sufficiency, i.e. they are cases where the condition is a subset of the outcome. Conversely, cases below the diagonal are consistent with necessity, i.e. they are cases where the outcome is a subset of the condition. Accordingly, we see that there is a potential trade-off between consistency of sufficiency and necessity (Schneider and Wagemann, 2012). For a condition to be both sufficient and necessary, cases would have to fall exactly on the diagonal, where memberships in conditions and outcome are equal.

FsQCA allows for asymmetrical causality. This is useful when studying institutions as an outcome (which I do in 'In search of control'). For example, dictatorship is not conceptually the opposite of democracy, but rather has an institutional logic of its own. However, countries that are dictatorships will typically be lumped together with, for example, plutocracies or fascist-corporatism in the category of non-democracies. Thus it would potentially be erroneous to explain dictatorship with the negations of conditions that explained democracy (Ragin, 2000). Similarly, while it might be the case, I do not assume that the explanations for weak CMA are the negation of the explanations for strong CMA. This breaks with the logic of concomitant variation

on which conventional statistical methods, such as regression analysis, are based. Moreover, it means that heteroscedasticity, i.e. when error terms vary or increase over the observation, is not in principle problematic for fsQCA, while in regression analysis this would have to be dealt with to ensure correct model estimation (Verbeek, 2008: chapter 4).

Conjunctural causation is vital for my causal inference in 'In search of control' and also in 'Did mediation save coordinated bargaining' and 'Bargaining in the crisis'. Starting with the latter two papers, I argue that bargaining structure based on strong cross-class alliances in manufacturing in conjunction with strong mediation prevents defection in Denmark. I give credence to this claim by using process tracing while acknowledging that a two-case comparison cannot logically cover the possible combinations of the two conditions ($2^2 = 4$ combinations).

I am most systematic about conjunctural causation in the fsQCA of 'In search of control' where I consider two distinct causal paths to strong CMA that both include more than one condition. At the core of conjunctural causation are so-called INUS conditions (that is, conditions that are Insufficient alone but a Necessary part of a condition, which is by itself Unnecessary but Sufficient for the occurrence of the outcome). In this manner, combinations of conditions form sufficient but non-necessary causal paths to the outcome. Membership in combinations of conditions, that is, causal paths, is defined by the logical AND (Ragin, 1987). This means that the membership of country in a given path, e.g. weak regulation of industrial action*strong unions*low governance capacity of unions, is given by the intersection of conditions and thus the lowest membership score (Schneider and Wagemann, 2012: 51). Thus the country's membership in a certain path is never greater than the lowest membership score of the concerned condition. Considering full membership in all three conditions to be the ideal path, intersections of conditions give us an appropriate membership of the causal path which can be related to membership in the outcome in terms of sufficiency. For example, a 0.8 membership in the path is consistent for sufficiency if membership in the outcome is 0.9.

We have now arrived to the final point: techniques to assess the results of fsQCA. The descriptive measure of consistency can be used to assess whether combinations are consistently related to outcomes (Ragin 2006a). It therefore bears resemblance with significance tests in regression analysis, although the logic behind is very different, as already noted (Rihoux and Ragin, 2009). Moreover, it refutes Lieberson's claim (1991) that causation based on necessity and sufficiency presumes no measurement error since such measurement error of a condition for a case would lead to false inference of the causal relationship between this condition and the outcome

(Mahoney, 2000b). By introducing fuzzy sets and techniques to assess consistency, measurement errors – although they should be avoided – can be tolerated. Consistency of sufficiency assesses whether set memberships in the combination of conditions are consistently lower than or equal to the set memberships of outcomes:

$$\sum(\min(Xi \leq Yi))\Big/\sum(Xi)$$

According to the equation, *'when X_i values are all less than or equal to their corresponding Y_i values, the consistency score is 1.00; when there are only a few near misses, the score is slightly less than 1.00; and when there are many inconsistent scores, with some X_i values greatly exceeding their corresponding Y_i values, consistency drops below 0.5'* (Ragin 2006a: 297). In this way, we also avoid deterministic rejection of a condition due to one case. Instead, this case lowers consistency and should be investigated as a deviant case, which I do in 'In search of control' (Schneider and Wagemann, 2012). Consistency can also be assessed for necessity by reversing the subset relationships between conditions and outcome. Usually, a cut-off level for consistency of 0.8 is regarded as satisfactory, although this requires substantive knowledge and analysis of the cases that violate consistency.

Coverage, the second descriptive measure of the analysis, assesses the magnitude or importance of X in explaining Y. For example, coverage tells us how many of the cases with strong CMA can be explained by a specific causal path. It therefore bears resemblance to R^2 in regression analysis, which is a measure of how much variation in the dependent variable can be explained by the independent variables. As Ragin (2006a) and others note, coverage of a condition is only relevant if the condition is also consistent (Schneider and Wagemann 2010). The equation for coverage is:

$$\sum(\min(Xi \leq Yi))\Big/\sum(Yi)$$

Thus whenever Y_i values greatly exceed their corresponding X_i values, the coverage measure will be reduced. Consistency and coverage can also be calculated for necessity, however, with the crucial difference being that outcomes are subsets of conditions (below the diagonal), thus changing the numerator and denominators in the equations. I use both consistency and coverage in 'In search of control' to assess the causal fit and relevance of causal paths. Moreover, I em-

ploy robustness tests, which are explained in the paper (cf. Skaaning, 2011; Schneider and Wagemann, 2012).

Within-case analysis and process tracing

Up till now, I have presented cross-case comparative methods that allow for logical minimisation/elimination of potential causal conditions for outcomes. The endemic problem for small-N research is that there are too many conditions and too few cases – something which large-N studies deal with using conventional statistical procedures. Many possible combinations of conditions and outcomes are not available due to limited diversity in small samples, and because of the interest in necessity and sufficiency, these problems cannot be solved as in conventional statistics by, e.g., confidence intervals and z-scores. King, Keohane & Verba (1994) recommend that small-N studies assimilate large-N studies by adding new observations/cases to the sample in order to compensate for 'missing values'. This, they argue, can be done by increasing the 'data points' for a single case by within-case analysis, e.g. in which the case is treated at multiple points in time. Using this method, the number of observations increases, and it becomes possible to get information on relevant analytical conditions omitted in the initial analysis. George & Bennett (2005: 172-178) criticise this approach for being insensitive to issues of multicollinearity (when new conditions are in fact correlated with old ones) and for overlooking path dependency within cases (when an observation in t_1 is dependent on an observation in t_2). Instead they suggest the method of process tracing. The method involves a more careful attention to temporality by discovering intervening causal mechanisms between causal conditions and outcomes in social processes (George & Bennett, 2005: 206). I find this method useful, albeit demanding, because it requires the researcher to build comprehensive knowledge of social processes which might uncover how institutions affect bargaining outcomes, viz. bargaining coordination. In this way, I can qualify the cross-case comparison by showing that mediation institutions indeed have a causal effect on bargaining coordination by looking into the mechanism by which it produces coordination.

The method of process tracing requires deep knowledge of social processes and building of valid and reliable narratives of how causal conditions affect the outcome in question through a causal mechanism. A causal mechanism is defined as the process or sequence of events leading from the causal condition to the outcome (Elster, 1989b). As I employ different concepts in my papers, the forms of process tracing of causal mechanism differ. At the core, however, is how

organisational actors strategically interact based on the institutional incentive structures and meaning structures in a given national bargaining context (Kochan et al., 1994). In 'In search of control', following the fsQCA, I go on to explore one causal mechanism, viz. the need for control over collective bargaining and how this was pursued in Denmark, Sweden and Norway through institutionalisation of strong CMA. The causal mechanism that I'm trying to detect through process tracing in 'Did mediation save coordinated bargaining' and 'Bargaining in the crisis' is the sequence of events by which mediation institutions constrain and enable certain kinds of behaviour, i.e. their invariant effect on how the bargaining parties will act to produce certain processes and outcomes of bargaining coordination. As Mahoney (2000b) remarks, process tracing can also be used to investigate interaction between conditions. I show interaction between cross-class alliances in manufacturing and mediation institutions in 'Did mediation save coordinated bargaining' and how they are both INUS conditions for bargaining coordination, i.e. how they are insufficient for bargaining coordination on their own. Mediation institutions need a cost norm from manufacturing to mediate from, and cross-class alliances need mediation institutions to bring other bargaining areas in line without undermining their bargaining autonomy.

Process tracing also allows for studying deviant cases (George and Bennett, 2005: 215). By tracing processes for deviant cases, I try to uncover whether a condition is hidden in a sequence. For example, in 'In search of control', the aggregate cross-case fsQCA comparison showed that Sweden, Denmark and Norway belonged to high governance capacity, which made them deviant cases for the Elvander's hypothesis. However, by process tracing using the exemplary historical-sociological case studies of Stokke (1998), Due et al. (1993) and Elvander (1974), I detected how periods of low governance capacity had indeed spurred strong CMA, despite the generally high governance capacity in these countries. The condition was hidden in a sequence, probably due to path dependence. Thus for Norway and Denmark, once strong CMA was institutionalised in the 1930s, increasing governance capacity did not lead actors to revoke strong CMA. In Sweden, it was the exceptionally low governance capacity of the 1980s that spurred institutionalisation of a relatively strong CMA – despite Sweden's generally high governance capacity. These processes of institutional change are – as noted by Ragin and Schneider & Wagemann (2012) – inherently difficult to incorporate into fsQCA. However, by adding process tracing and a 'social chemistry' approach to case studies by which different hypotheses can be reemployed for single cases over time (Gerring and McDermott, 2007; Mahoney and Goertz, 2006), we get a fuller picture of the causal mechanisms linking causal conditions to outcomes.

Triangulation of interviews and documents

In the following section, I will present my use of semi-structured interviews and document analysis and the ways in which I combine the two in triangulation. Since I was not allowed to observe mediation and bargaining processes due to confidentiality issues, I was forced to rely on indirect data. The main research methods for process tracing in the dissertation are therefore document analysis and elite interviewing (see George & Bennett, 2005: chapter 10). By triangulating different types of data it was possible to get thick descriptions of bargaining processes and the ways in which institutions influence these processes, which allows for grounded theory building (Glaser and Strauss, 1967). Triangulation is useful because comparisons of different methods and data sources might lead to confirmation of disconfirmation of claims based on singular data points (Denzin, 1970). In my dissertation this has also entailed a constant dialogue between data points and concepts as is customary in qualitative analysis (Ragin, 1987). Yin (1994) and George and Bennett (2005) recommend various types of data to discover patterns in social processes that might warrant claims about causal mechanisms, such as the institutional effects of mediation on bargaining processes and outcomes. Indeed, many influential studies of collective bargaining more or less explicitly adhere to such an approach (e.g. Due et al. 1993; Traxler et al. 2008; Sisson, 1987; Elvander, 1988; Locke and Thelen, 1995).

Semi-structured elite interviewing is especially important for this dissertation as the accounts from negotiators and mediators are the only first-hand source for uncovering how institutions matter in bargaining processes and outcomes (Tansey, 2007). In the appendices I provide a complete list of the interviews. There are several advantages and pitfalls of using elite interviewing. The foremost advantage for my studies was that negotiators and mediators could corroborate what formal documents stipulate regarding bargaining and mediation procedures, rules and capabilities. By reconstructing the processes of bargaining coordination, I got first-hand accounts of what actually happens before, during and after bargaining and mediation (Davies, 2001; Dexter, 1970). Moreover, by employing a so-called 'epistemic' interviewing technique (Brinkmann, 2007), I invited interviewees to reflect about the role of bargaining structures and mediation institutions by asking questions specifically related to my theoretical hypotheses. Finally, I used interviews to identify power relations between organisations in bargaining coordination – an approach similar to Traxler et al. (2008), who try to uncover power relations in Austrian pattern bargaining through qualitative interviews. As power is an elusive concept in collective

bargaining coordination (Lukes, 2005; Kelly, 2011) – which I show in 'Three approaches to co-ordinated bargaining' – qualitative interviewing helped me grasped the ways in which how power was being exerted in social processes that go beyond merely inferring power from organisational size and density of membership vis-à-vis other organisations.

The interviews were semi-structured to balance the need of getting information on the key concepts and hypotheses while remaining open to deviations that might turn out important (Kvale, 1996). The interview guide was based on three layers of questions which were adapted to the interviewee in question. Firstly, I asked open descriptive questions regarding what the organisation of the interviewee does in bargaining and mediation processes and what the outcomes of strategic choices were. The first layer is designed to establish that something is actually happening in bargaining and mediation. As Elster (1989b) notes, we need to know that something is actually taking place before we start to explain it. Getting inside the black box of bargaining lets us understand how/if coordination is practiced (Traxler et al., 2008). Secondly, I asked more analytical questions regarding the rationale behind strategies in bargaining and mediation. This layer is related to epistemic interviewing as it lets the interviewee reflect on his/her actions, which also makes it possible to 'test' hypotheses with the interviewee. While this is sometimes regarded as 'leading' interviewees to answer in certain ways (Bryman, 2001: 154), the epistemic approach encourages open reflection by capable actors (Brinkmann, 2007).Thirdly, I asked precise questions regarding the influence of certain institutions for the bargaining and mediation strategy of the organisation. This layer is very direct and was only used at the end of interviews to fully saturate the interview data. The interviewee was always asked open questions before the third layer in order not to influence the answer – although such influence can perhaps never be completely avoided in interview situations (Kvale, 1996). Sometimes I used this layer only in a confirmatory manner to establish that I had correctly understood the interviewee's reflections upon his/her actions.

I argue that the interviewed elites in this study are highly capable of assessing the validity of certain theoretical hypotheses if posed in open-ended questions. Nevertheless, there is a risk of interviewees making post-hoc rationalisations of processes and perhaps inflating or minimising their involvement in certain aspects of bargaining coordination (Tansey, 2007).When conducting the interviews with elites, I was constantly aware of the position of the interviewee, viz. their title and organisation, their interests in the subject, and their knowledge about the subject (Dexter, 1970). Likewise, triangulating interview statements with other interview data, docu-

ments and secondary literature improves the reliability of interviews (Davies, 2001; Due and Madsen, 1996). To avoid distortion of statements, I make the choice not to quote any of the interviewees in the papers since bargaining and mediation processes are typically sensitive to public disclosure. Building trust so that interviewees could speak freely (and sometimes very negatively about other actors) facilitated an open environment for the interviews. This has the obvious drawback that the very rich accounts in interviews cannot be fully developed – which is also partly because of the word limits of journal papers. A more interpretative research design could have elicited more information on the rationalisations of actors on bargaining and mediation processes, even with complete anonymity of interviewees, and I concede that the choice of remaining focused on institutions puts the actors in a background position. Nevertheless, I found the institutional story the most interesting, while acknowledging that it could not have been told without the information from interviews.

Throughout the dissertation, I use document analysis to inform the analysis. While documents are almost invariantly used in any study – at least for literature reviews – it might seem redundant to mention it. However, as Bowen (2009) notes, exactly because of its pervasive use, it is important to be more explicit. In the table below, I list the type of document analysis with its analytical purpose and some examples of the selected documents.

Table 8: Types, uses and examples of document analysis

Type of document analysis and analytical purpose	Examples of document type
Analysis of statutory acts Purpose: Establish formal intended purpose of mediation, formal application of mediation, legal scope of mediation and formal competences of mediator	*Statutory Act:* Medbestämmandalagen (MBL) § 46-53 – Law on Codetermination (Sweden) Förordning (2007:912) med instruktion för Medlingsinstitutet – Ordinance with instruction for National Mediation Institution (Sweden) *Statutory Act:* Forligsmandsloven – Law on Mediation (Denmark) *Used in 'Did mediation save coordinated bargaining'*
Analysis of secondary sources Purpose: Calibrate strength of third party intervention understood as conciliation, mediation and arbitration in collective bargaining	*Legal analysis of CMA in various countries:* Valdés Dal-Ré V. (2003) *Labour conciliation, mediation and arbitration in European Union countries*. Madrid: Ministerio de Trabajo y Asuntos Sociales. *Database on institutions for wage bargaining and industrial relations:* Visser J. (2011b) ICTWSS database 3.0. In: http://www.uva-aias.net/208 (ed). Amsterdam. *Used in 'In search of control'*
Analysis of collective agreements Purpose: Code provisions in collective agreements according to contribution to enhanced managerial prerogative and/or enhanced employee security	*Collective agreements*: Agreements print and electrical contracting of UK, Denmark and Spain 2004-2007 Agreements in Swedish and Danish manufacturing *Used in 'Striking a balance', 'Bargaining in the crisis' and 'Did mediation save coordinated bargaining'*
Analysis of pieces of legislation Purpose: Code provisions in legislation according to contribution to enhanced managerial prerogative and/or enhanced employee security	*Statutory Acts*: Legislation on employee protection legislation (EPL), statutory rights to maternity/paternity/parental leave, statutory rights to education and training, minimum wage legislation. *Used in 'Striking a balance'*
Analysis of social partners bargaining material Corroborate interview data by establishing bargaining views and strategies of social partners. Establish context of bargaining rounds	*Various web based news feeds and reports* *Used in 'Did mediation save coordinated bargaining' and 'Bargaining in the crisis'*
Analysis of newspaper clippings Purpose: Corroborate interview data by establishing context, process of collective bargaining	*Various web based newspaper articles. Not sampled systematically in Sweden* *Used in 'Bargaining in the crisis'*

Besides standard literature review, the analysis of documents are all based on non-quantitative content analysis whereby I organise documentary information into categories that are central to my research questions (Bryman, 2001: 183). There are four main empirical uses: 1) as sources on formal procedural institutions, 2) as sources on formal substantive institutions, 3) as sources that could corroborate interview data on bargaining processes and outcomes, and 4) as sources on

context for bargaining and mediation. Thus documents worked as actual data points, as background to generate questions for interviews and as sources to corroborate data from interviews through triangulation.

There are many obvious advantages of document analysis besides it giving an opportunity for triangulation. Due especially to digitalisation, documents are readily available (Bowen, 2009). There are rich sources of information from organised actors that are more than willing to share their information and points of view on collective bargaining. Moreover, the growth of research-based data for comparative institutional analysis makes the mid-size-N study more feasible than ever. Obviously, the drawback of plentiful document data is having to select it and process it (Glaser and Strauss, 1967). I have tried to select documents from both sides of the bargaining table – although I do find that unions are generally more active in disseminating information than employers, at least to the general public. Nevertheless, I recognise that organisational documents inherently frame reality in a certain way and that only in combination with other sources can we hope to approximate valid representations of reality. Similarly, using secondary studies to calibrate fuzzy scores obviously has the drawback that these studies were conducted with potentially different concepts in mind, which in turn reduces the validity of the study (Bryman, 2001: 72). Again, the solution has been to gather as many sources as possible to corroborate my calibrations, but also to critically assess the match between my theories and the available data. As I restrict the analysis to formal institutions in the fsQCA study, I believe that the validity is generally high, while I acknowledge that formal institutions are not the same as actual practice.

Data

This section outlines the data generation and selection together with some methodological reflections on data quality issues. I reserve the treatment of limitations of my study to the final concluding section.

There are two interrelated levels of analysis in the dissertation: the level of nations and the level of organisations. Despite significant internationalisation of industrial relations and cross-border coordination of bargaining (Marginson and Sisson, 2006), I contend that it is still warranted to study national configurations of institutions when it comes to collective bargaining (see e.g. Bechter et al., 2012). This has a lot to do with case selection and the fact that Sweden and Denmark by most measures have retained high levels of coordination (Visser, 2011b). In these cases, the national level is an institutional one as I study national institutions for bargaining co-

ordination. While conventional studies of coordination focus on bargaining levels and organisational procedures for coordination, this dissertation puts mediation institutions centre stage. In other countries with less coordination, the industry level or company level might be the appropriate choice due to convergence across countries of each industry or of company practices (Katz and Darbishire, 2000; Batt and Nohara, 2009). Organisations are the main actors in my analyses, but I try to map their strategies and interactions in relation to configurations of institutions and specific industry dynamics, such as skill requirements and exposure to international competition. Moreover, I side with conventional IR approaches in stressing the important role of the state in devising procedural frameworks for bargaining and in directly inducing or sanctioning certain behaviour by unions and employers' associations (Sisson, 1987; Traxler, 2003a; see also Martin and Thelen, 2007). I do agree with recent literature that employers are pivotal actors (Busemeyer, 2012), but I abstain from making hard assumptions about this, as unions have been very influential in Sweden and Denmark – most likely due to supportive institutions like the Ghent-system, collective labour law and mediation institutions.

Table 9: Papers and levels of analysis

Paper	Analytical level	Type of data
'Did mediation save coordinated bargaining'	National Organisational	Document Interview
'In search of control'	National	Document ICTWSS Database
'Bargaining in the crisis'	National Organisational	Document Interview
'Three approaches to coordinated bargaining'	National	Document Interview
'Striking a balance'	National Organisational	Document Interview

For the organisational level, I build my analyses primarily on interviews while documents are secondary. As noted above, interviews with key negotiators and mediators are the key source of data for 'Did mediation save coordinated bargaining', 'Bargaining in the crisis' and 'Striking a balance'. Moreover, interviews helped inform the conceptual discussion in 'Three approaches to coordinated bargaining'. I chose representatives of organisations using a non-probability sampling method for the interviews in line with the standard recommendations for process tracing

using elite interviewing (Tansey, 2007). The sampling was mainly purposive (Bryman, 2001: 333-334), which entailed choosing lead negotiators from the main trade unions and employer associations that, given my prior knowledge and theoretical assumptions, were deemed to have an important role in bargaining coordination. Size of the organisation and their position in bargaining coordination were two key parameters for sampling which lead me to choose leading negotiators from manufacturing, retail, private services, construction, finance, transport and storage, in most cases from both employers' associations and trade unions. Thus, both pattern-setters and pattern-takers, to use the jargon from 'Did mediation save coordinated bargaining', were interviewed. Moreover, representatives involved in bargaining coordination from confederations of both employers and unions were interviewed in both countries.

Due to my prior research, sampling was easy in Denmark, while in Sweden it required some desktop work to locate key negotiators. I was fortunate to receive great help from the chief mediator in Sweden for this task as he helped me in setting up interviews with mediators and many negotiators. I also employed snowball sampling (ibid.) by which already interviewed persons would refer me to relevant interviewees. In Sweden, I relied relatively more on this sampling method because of my initially limited knowledge of interview subjects. As the research progressed, sampling was made more purposive. While these non-probability sampling methods entail a risk of selection bias of interviewees (Tansey, 2007), the broad scope of interviewees as well as the limited numbers of negotiators and mediators in Sweden and Denmark somewhat eradicates this risk. Moreover, I preferred speaking to the relatively few negotiators in important bargaining areas over randomised selection which could have placed me well outside the 'black box' of bargaining coordination. A brief mention should be made of 'Striking a balance', which also relies on a different group of interviews. My co-author, Mikkel Mailand, and I carried out 23 semi-structured interviews in Great Britain, Spain and Denmark with trade union officials and employers' association officials who had led negotiations on the flexicurity provisions in question. Respondents were likewise chosen based on their proximity to and participation in top-level negotiations.

In the appendices, I provide a full list of interviewees. In total, 83 interviews were used for the analyses of the dissertation, 13 of which were conducted by other persons than me. The representativeness of the samples is generally good, but for some industries I did not get access to both sides of the bargaining table. The samples are especially skewed towards manufacturing, which I deemed most important at the outset of my data collection. Subsequently, I realised that

the pattern-following industries were just as important for my main argument, which spurred me to sample from these industries. I believe that the general argument is warranted by the selection of interviewees, but I would have liked to have had more time to interview negotiators from smaller bargaining areas especially. The sample of mediators, however, is by far the most comprehensive in research to date (cf. Stokke, 1998) which gives me good traction for my claims about the coordinative effect of mediation. All interviews save a handful were transcribed and coded using an additive coding frame in NVIVO with which I content-analysed interviews based on the concepts of interest to me. New nodes were added to the coding frame progressively, which required recoding of some prior coded interviews.

At the national level, I mainly relied on document analysis, while for Sweden and Denmark – and Great Britain and Spain for 'Striking a balance' – I aggregated and triangulated interview data from the organisational level. Formal documents were always a first port of call to pinning down formal institutions. Rather than relying solely on the otherwise excellent studies of on Sweden and Denmark, I went to the relevant pieces of legislation on bargaining and mediation together with the bilateral negotiation procedure agreements and Basic Agreements at confederate level (see above). Moreover, online published resources on the bargaining processes of 2010 were used to inform my subsequent interviews of negotiators and mediators which I use for 'Bargaining in the crisis'. To assess the outcomes of bargaining, the primary collective agreements were studied to ensure that outcomes matched my analysis. However, I relied heavily on the yearly reports by Medlingsinstitutet and the agreement overview by Swedish LO (LO, 2005; LO, 2012), while the compiled information on bargaining rounds in Denmark by FAOS, which I partly produce myself, gave me on overview of bargaining rounds in Denmark (cf. FAOS, 2013; Navrbjerg et al., 2001).

For the fsQCA, I mainly relied on secondary sources to calibrate cases, which can be seen in the data appendix to 'In search of control'. To calibrate union power and governance capacity, I used Jelle Visser's Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts in 34 countries (ICTWSS). The database, which I most frequently used in comparative studies (e.g. Avdagic et al., 2011; Traxler and Brandl, 2012), covers four key elements of modern political economies: trade unionism, wage setting, state intervention and social pacts. The database contains annual data for all OECD and EU member states with some additional data for emerging economies Brazil, China, India, Indonesia, Russia and South Africa, and the version I use runs from 1960 till 2011. I used data on the seventeen West-

ern European countries to calibrate fuzzy membership scores. When values were missing I extrapolated from available years. Visser's database compiles information from various sources, including large-N quantitative studies and annual reporting to Visser from national experts on IR. A detailed presentation of coding and sources can be found in Visser (Visser, 2011a).

I used different secondary sources to calibrate regulation of industrial action. Cross-national studies by Warneck (2007), Jacobs (1993a) and EIRO (2006) were used as well as a host of national sources from Valdéz Dal-Ré (2003), Ferner & Hyman (1998) and (Bamber et al., 2011) to corroborate the comparative studies. I also used data from the European Association of Labour Court Judges (EALCJ, 2013) and national expert accounts from EIRO/EMIRE (EIRO, 2013) to calibrate labour court traditions. Finally, I used national expert sources and comparative studies to calibrate strong CMA: the European Commission project on CMA edited by Valdés Dal-Ré (2003), the earlier Commission project by Jacobs (1993b) and the EIRO comparative study (2006) of third party intervention. To avoid naïve formalistic calibration, the national expert accounts also contain information about 'dead letter' CMA systems that are never used, in which case the fuzzy score is calibrated accordingly. By including various documentary sources to corroborate each other, I believe that the calibrations are sound. However, I concede that my subjective judgments in choosing 'qualitative anchors' for calibration can be erroneous (Verkuilen, 2005), which is why I have attached the raw data tables for each condition and outcome for transparency and scrutiny (Schneider and Wagemann, 2010).

In sum, the data provide rich accounts of national configurations of institutions together with the bargaining and mediation processes. With the exception of my fsQCA study, I chose analytical depth with the inevitable loss of robustness and generalisability that a large-N study can provide. Moreover, inherent in any study – especially qualitative case studies like mine – are issues of subjective judgments that potentially compromise reliability and replicability of the study. I tried to overcome this issue by being transparent in my analytical approach and in my data selection, but I concede that other researchers may arrive at different conclusions when studying concepts like strong CMA, institutional change, bargaining coordination, solidarity and voluntarism (see e.g. Baccaro and Howell, 2011). However, perhaps this is not so problematic. To paraphrase Parsons (2007), I am not arguing with Truth itself, after all, but with other scholars over who has the most convincing story to tell about collective bargaining coordination and mediation.

5. Contributions and limitations of the study

In this final section, I conclude by presenting the main contributions and limitations of the dissertation. It is obviously difficult to make a singular conclusion from the five papers which – despite a common theme of collective bargaining – address distinct puzzles and research questions. As noted in the introduction, there are multiple fruitful angles from which we can analyse collective bargaining, and I have tried to choose the ones that I find most interesting and most puzzling. Most importantly, I add mediation as a pivotal institution for bargaining coordination in Sweden and Denmark after centralised bargaining. In this concluding section, I present the main theoretical and empirical contributions to comparative studies of collective bargaining. Finally, I reflect on some of the limitations of my study and what should be done in future research.

Theoretical contributions

My study shows that comparative studies of collective bargaining should pay attention to institutions for conflict resolution out of which mediation plays an important role in many countries. Institutionalised procedures that help parties with diverging interests to overcome conflicts are part of the 'polity' of labour markets and should therefore be a first port of call when investigating collective bargaining. Therefore, instead of equating bargaining institutions with bargaining levels and structures, the procedural institutions of conflict resolution should be considered. Perhaps because these institutions are regarded as second-order and because they change very little over time, scholars tend to forget them. However, this does not mean that they stop mattering or that the function of these institutions hasn't changed despite formal stability. Conflict regulation institutions are not neutral but rather cater to the interests of certain actors and therefore also a certain order in market relations between capital and labour. Do they allow for coordinated solutions? Are their purposes governed by neutrality or by certain socioeconomic outcomes? Do they force employers into bargaining with unions? Or do they make it hard for unions to force employers into bargaining?

Surely, the decline of unionism, wage decentralisation and bargaining coverage in some countries can be partly explained by technological change, market integration, neoliberal ideology and new political coalitions, but the lesson from the last three decades of neo-institutionalism is that these changes will be mediated by institutions, of which, I argue, conflict resolution procedures are pivotal. The key point is whether institutions bolster or hinder collective bargaining,

and one needs only to look at the important consequences of the regulation of industrial action to prove this. In Great Britain during the 1980s-1990s, restrictions on industrial action took away unions' primary tool to force employers into bargaining under voluntarism. Conversely in Sweden and Denmark, mediation institutions that facilitate wage moderation, while preserving the right to industrial action, reinforced bargaining despite adverse structural changes. Indeed, as markets change, so will conflict regulation (Brown, 2004) and this interplay holds important information about the future of bargaining, viz. whether it can deliver agreements that holds bargaining systems together.

Accordingly, 'Did mediation save coordinated bargaining' contributes to theoretical discussions about institutional change in two ways. Firstly, it shows that the discussion between power resource theory and cross-class alliance can be solved by loosening some propositions. The cross-class alliance theory is right in giving employers an important role in coordination of bargaining due to their interest in control over wage setting. As Traxler (2003b) notes, unions can help this by increasing bargaining coverage which reduces competition over wages. However, this interest is a second-order interest based on the existence of strong unions. In their absence, it is hard to imagine employers being interested in or able to even propose, let alone enforce, coordinated wage setting. As Korpi (2006) contends, employers are better termed as 'consenters' than 'protagonists', and the Swedish employer strategies during the 1990s are testament to this. Recall that it was unions that came up with Industriavtalet in 1996/1997. Theories of coalitions that change within and across classes are arguably more accurate than pure versions of power resource and cross-class alliance theory (Thelen, 2012; Due and Madsen, 1996). If bargaining systems are considered as inter-organisational relations (Due et al., 1993) we see that the interests of actors can be moulded if the counterpart moves to save the relation – as the Swedish manufacturing unions did in 1996 leading to Industriavtalet in 1997. Moreover, the independent effect of the state as an active agent in coalitions should be considered instead of viewing it as a mere weathervane for the interests of societal groups.

Secondly, we can refine the hypotheses of power resource and cross-class alliances by showing how institutions of conflict regulation facilitate or obstruct certain actors from pushing institutional change in accordance with their interest. In Denmark, the mediation institution was – in its existing form – well-suited for wage moderation as long as linkage across bargaining areas could be based on the manufacturing agreement. In other words, it complemented the interest of the manufacturing cross-class alliance. What had to happen in Denmark, then, was a reconfigura-

tion of power internally in the confederations of employer associations and trade unions towards manufacturing. Here, the employers had the first-mover advantage in their centralising of power in DI very quickly during the early 1990s. Institutional change is driven by entrepreneurial actors that try to adjust existing institutions to their interests, but often they can only do this by using the opportunities existing institutions give them (Streeck and Thelen, 2005). Conversely, the secret to maintaining institutions, e.g. for wage solidarity, despite adverse structural changes is to adjust them so that they cater to changed circumstances – the 'change to persevere' argument that Katzenstein (1985) and Thelen (2012) posit.

Running through the papers, I find that the key interest of employers is control. This echoes Sisson's (1987) finding that employers engage in collective bargaining because they wish to restore managerial prerogative at the shop floor by compartmentalising union activities to market relations. We find the concern about control in different ways across industries. In sheltered sectors with highly skilled labour, control over labour supply is crucial and employers are willing to pay above-market rates to achieve this. In exposed sectors with highly skilled labour, control over wage externalities is essential and they have to achieve this by forcing other industries into line. In exposed sectors with low-skilled workers, control over labour costs and thus downward flexibility is critical, while in sheltered sectors with low-skilled workers, control over inter-firm wage competition is indispensable. Coarse arguments about neo-liberalism and unidirectional employer pushes for more flexibility do not fit empirical reality (Swenson, 2002). To be sure, some employers might wish for more flexibility because it enhances their control over wages, but other employers in other markets might suffer severely for this. In this way, employers' interest in flexibility and wage moderation are underpinned by a deeper-level interest in control of the market situation they are facing. In turn, conflict regulation institutions – and third party institutions – can increase or decrease the positive role played by unions in employers' quest for control over employment relations.

In 'Three approaches to coordinated bargaining', I show how three different approaches yield three different analyses of bargaining coordination. Specifically, I try to go beyond the view that bargaining is merely 'interest mediation' by showing the value of including cognitive and normative discourse to the analysis. The crucial point is to illustrate how these elements entail power relations in making actors behave in ways that they might not have chosen otherwise. However, instead of treating discourse as macro-level hegemonic ideologies that determine behaviour, the analysis of Sweden and Denmark shows that discourses are used in interest-based politics

over the specific equilibrium between wage moderation, flexibility, solidarity and voluntarism. Moreover, I show that this equilibrium is institutionalised in the technical details of how actors coordinate, e.g. on whether they choose coordination around percentage increases or nominal increases or whether they compare the scope for wage increases with wage developments in Germany or China. Admittedly, analysis of discourse in bargaining coordination needs to go further than merely showing examples. Nevertheless, the paper outlines the merits of also focusing on meaning structures that affect what is desirable for actors and show how they can achieve it. This gives us a way to get to know how actors make sense of the objective market structures that they inhabit (Blyth, 2003; Schmidt, 2010).

Finally, to behavioural theories of mediation I add an institutionalist perspective. Mediation is an institutionalised part of bargaining (Stevens, 1963) and even with the most disregarded mediator, any party has to consider mediation as a step in the bargaining process that his/her counterpart can use strategically. Often studies of mediation stress micro-processes and how mediators affect processes in various ways. My study shows that mediation of collective bargaining – at least in the Swedish and Danish context – is highly institutionalised with specific rules of the game for mediation that impinge on the processes and outcomes of bargaining. Specifically, the stated purposes and capabilities of mediators provide an incentive structure for bargaining parties, as I illustrate in the decision tree above. Thus, by including the institutional foundation of mediation, we can explain certain regularities that mediator techniques, styles or personalities cannot capture. By this, I do not mean to suggest that the individual properties of mediators are inconsequential, by no means. Skilled mediators can have a great role in facilitating settlements. However, in the context of coordinated bargaining systems, it needs to be recognised that they operate in a highly institutionalised environment with organised actors that meet regularly over outcomes that have systemic consequences for national labour markets.

Empirical contributions

The dissertation makes a number of empirical contributions to studies of Nordic models of coordinated collective bargaining and studies of third party intervention. Only a few can be mentioned in this section. Firstly, 'Did mediation save coordinated bargaining', 'Bargaining in the crisis' and 'Three approaches to coordinated bargaining' all build on the seminal studies of Elvander (1974; 2002), Stokke (1998; 2002), Kjellberg (1998), Due et al. (1993), Due & Madsen (2006), and Scheuer (1993; 1998) (1993/1998) of bargaining coordination in Sweden and Den-

mark. It extends these studies beyond the turmoil of the 1980s and 1990s and shows how mediation institutions facilitated a new bargaining order in which industry-level bargaining remained horizontally coordinated while framework agreements gave greater scope for company-level bargaining. Moreover, the studies show how and why Sweden and Denmark diverged despite their similarities, which complement Stokke and Elvander's comparative work on mediation institutions in the Scandinavian countries. Empirically, the dissertation updates these works by also considering the new equilibria in Sweden and Denmark, respectively, between wage moderation, flexibility, solidarity and voluntarism, and what role mediation institutions play in this alongside bargaining structures and alliances. In this way, we also get a sense of future bargaining dynamics. It is likely that we will continue to see relatively more contestation over wage solidarity and flexibility in Sweden due to the more fragmented bargaining system. However, defections and bargaining breakdowns might be too negligible to really matter, and if Swedish history has told us anything, it is that the parties are capable of finding ways to keep coordination together. Conversely, the stability in Denmark is likely to continue with the current bargaining system. Nevertheless, the Danish situation might change due to a decline in union membership and the growing need for union leaders to mark their turf.

Secondly, 'Did mediation save coordinated bargaining' specifically contributes with a process analysis of how mediation contributes to coordination. It thus goes beyond merely linking the purpose and capabilities of mediators with bargaining outcomes by also showing how this is done and what is required. For example, I show the specific requirements that have to be fulfilled for the mediator to broker agreements in Denmark. In Sweden, I show that public naming and shaming in manufacturing mediation is an important element when bargaining areas wish to go outside the norm. This should give us a better understanding of what actually goes on inside bargaining processes and why different steps matter. Moreover, it points forward to micro-studies of mediation processes in collective bargaining and how different mediator techniques, styles and strategies lead to settlements.

Thirdly, the dissertation contributes the first systematic comparative analysis of explanations for strong third party intervention, or CMA, in collective bargaining. 'In search of control' corroborates Elvander's original hypothesis that it is the search for control over strong, fragmented unions that leads to strong CMA. The causal conditions related to strong CMA are found in terms of sufficiency and necessity. Two combinations of conditions are sufficient for strong CMA. The Nordic path includes strong unions, high governance capacity and specialised labour

courts. The Mediterranean path includes strong unions, low governance capacity and weak regulation of industrial action. There are no necessary conditions for strong CMA, although strong unions are present in both solution terms. This is mostly due to the high bargaining coverage in Western Europe. Through process tracing, I find that incidents of low governance capacity are found in reforms to strong CMA, which can potentially merge the two paths into the combination of strong unions and low governance capacity. Conversely, the court system tradition, as suggested by Valdés Dal-Ré (2003), seems less important. I find that strong CMA complements collective bargaining by trying to control the risk of industrial action without obstructing collective bargaining itself (Brown, 2004). This logic can be found in both Nordic and Mediterranean reforms.

Fourthly, 'Bargaining in the crisis' shows how coordinated bargaining systems in Sweden and Denmark respond to a historic economic crisis in a neo-Rehn-Meidner world (Erixon, 2010; Klindt, 2008). Due to framework agreements that allow internal measures of flexibility, companies do not just adjust externally through redundancies, the costs of which society handle. Instead, the Crisis Agreement on working time and wage reductions in Swedish manufacturing and the considerable wage adjustments in Denmark bear testament to the use of internal forms of flexibility that would have been hard to realise during the heyday of centralised wage bargaining. The analysis, moreover, shows that Swedish employers used the crisis to awake a perhaps 'dormant wish' to strip industry-level agreements from wage rates; it additionally shows that the processes of agreement settlement was much more unstable due to the relative fragmentation of bargaining parties. In Denmark, by contrast, it was relatively smooth sailing with Danish employers using the already expansive scope to adjust wages in industry-level agreements. For their part, unions focused on non-wage issues as leverage to get members on board. Danish unions thus follow an established tradition of pushing for non-wage issues in industry-level bargaining because actual wage increases are negotiated locally.

Finally, 'Striking a balance' shows that collective bargaining can create balances between labour market flexibility and security – even under adverse circumstances such as in market-dominated Great Britain and government-dominated Spain. Flexicurity refers not only macro-level statutory policies on active and passive labour market policies but also to balances between internal forms of flexibility and security. Indeed, collective bargaining enables regulation by the direct parties of the employment relationship, thus potentially providing a flexible fit between regulation and the realities of specific labour markets. Conversely, collective bargaining is by

nature different from individual contractual relationships in which security of workers (and in some cases employers) might be jeopardised. As Commons and the Webbs showed a long time ago, it is organisation by market actors that prevents labour market transactions from turning into a 'race to the bottom'. The analysis, moreover, suggests that bargaining autonomy, power parity and mutual trust between the parties might promote conditions for development of flexicurity in collective bargaining, but also that the state as a facilitator or coercer might induce bargaining parties to settle in balanced ways.

Limitations and ways forward

I conclude this introduction by highlighting a few important limitations of my study that, in my opinion, point the way to future research. Firstly, the study is highly skewed towards the Swedish and Danish reality of labour markets and collective bargaining. What is gained in empirical detail is perhaps lost in generalisability and parsimony. I limit the study of CMA in other countries to formal document analysis and secondary literature whereby I exclude the actual bargaining and mediation practice. Future case studies of CMA practice in other countries could enhance our understanding of the positive relationship between CMA and coordination bargaining, which perhaps can only be found in the very small sample of Nordic countries (see also Stokke, 2002). Indeed, in less coordinated systems, CMA probably has a quite different role as shown by the US literature. However, this should not make us lose sight of the supportive role that third party intervention can play for collective bargaining as a regulatory process. As Brown suggests (2004), the nature of CMA itself might change due to the decline of industrial action and market integration, moving from a preoccupation for control and industrial peace to support and social justice. More case studies will reveal this.

Secondly and related, the study does not warrant conclusions that strong CMA generally leads to certain bargaining outcomes as some large-N studies can. For example, using time series cross-sectional regression analysis (TSCS), Baccaro & Simoni (2010) have shown that union balloting actually has a wage moderating effect. Traxler and colleagues have shown in multiple TSCS analyses that compliance mechanisms are significant for wage moderation and employment. In a similar way, it would be interesting in the future to analyse the effect of CMA on key macroeconomic outcomes such as inflation and employment but also on levels of industrial action. Usually CMA is included in wage coordination indicators as an intermediate level of wage coordination in which the government assists bargaining with procedural frameworks. By ex-

tracting the CMA institution and coding its strength, we might approach the net effect of CMA on key bargaining outcomes. The calibration made for 'In search of control' could be used for this purpose.

Thirdly, future studies of third party intervention would benefit from a more in-depth historical study of when and how CMA was established. Such studies should be political in nature, attuned to the interests of coalitions that either promoted or obstructed the establishment of strong CMA. My analysis stresses the need for control because of strong, fragmented unions, but the response to such need is ultimately political and contingent upon the strategies of actors. Related to the point made above on CMA practice, tracing the practice of CMA through time will also reveal whether CMA had a significant role to play in bargaining or not. Thus, the more incremental processes of institutional change should also be considered alongside the critical junctures of abrupt institutional change.

Fourthly, I point to the ways in which discourses inform interest-based politics between unions, employers and governments, but I do not develop this beyond a few examples. Future research of collective bargaining should do this more systematically. Bargaining coordination obviously is about interest-mediation, but ideas can give content to interests by defining the normative and cognitive orientations of actors. Unions in Sweden and Denmark clearly pursue different bargaining strategies, which can be explained by fragmentation of actors in the former and concentration in the latter country, but they also use somewhat different ideas of solidarity to make sense of these strategies. Whether ideas are used post-hoc as legitimisations of bargaining strategies or ex-ante as frames to formulate bargaining demands would be interesting to trace historically. In connection to this, the role of governments in influencing the bargaining agenda through, for example, supply-side policies and rhetoric is also of interest. Recent research has shown how welfare state reform and collective bargaining processes are tightly interconnected (Palier and Thelen, 2010; Trampusch, 2009; Mailand, 2008). With a high degree of coordination and coverage, bargaining systems are likely to be of future interest for governments that wish to alleviate fiscal burdens or optimise labour markets through supply-side reforms.

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Paper 1:

Did mediation save coordinated bargaining? A comparative case study of Sweden and Denmark

Christian Lyhne Ibsen

Abstract

The article compares coordinated collective bargaining in Sweden and Denmark since decentralisation. The historical-comparative case study shows that confederate bargaining has been replaced with a pattern bargaining system based on cross-class alliances in the exposed manufacturing sector. In contrast to conventional literature, this article stresses the importance of mediation institutions in institutional change. By pegging settlements to the pattern, mediation institutions of both countries have a necessary role in solving collective action problems in pattern bargaining. Their capabilities, however, differ, which is reflected in more frequent defections in Sweden. Defections in Sweden, moreover, appear to be driven by unions' continuing stress on wage solidarity, whereas Danish unions have refocused on supply-side issues.

INTRODUCTION

When centralised bargaining ended in Sweden and Denmark, many pronounced coordinated egalitarian wage bargaining in deep crisis (Ahlén, 1989). Industry-level bargaining with strong unions posed a threat to wage restraint and full employment as some protected sectors would be able to negotiate pay hikes with negative cost-push externalities and inflation as a consequence (Calmfors and Driffil, 1988). With no encompassing confederation to internalise cost-push pay hikes in centralised bargaining, wage moderation might be jeopardised (Olson, 1982). Conversely, bargaining at industry level and flexible wage-setting would increase inequality and low skilled workers especially would lose out due to increased skills premium. One highlighted solution was pattern bargaining with manufacturing as the pattern-setter for the rest of the labour market, which could induce wage restraint in protected sectors and ensure uniform improvements in an 'organised decentralisation' (Iversen, 1996; Swenson, 2002; Traxler et al., 2008). Horizontal power differentials between federate-level actors together with sufficient vertical con-

trol have been identified as a precondition for this type of coordination to work (Traxler and Brandl, 2012).

The bargaining parties in the two countries faced a similar challenge of institutional design that could reintroduce wage moderation and introduce flexibility while preserving the fundamental principles of collectivism and voluntarism. The claim of this article is that the resilience of bargaining coordination in Sweden and Denmark cannot fully be explained by conventional approaches to institutional change as they underspecify – or omit – how certain industrial relations institutions, most notably mediation, solve collective action problems inherent in coordination. The purpose of this article is therefore to investigate the impact of mediation institutions on private sector pattern bargaining after centralised bargaining. Importantly, the question is whether mediation institutions that peg settlements to the manufacturing bargaining result can help solve collective action problems that were previously resolved by centralisation.

The analysis is historical-comparative and builds on a variety of sources that are part of a larger project on mediation institutions in Western Europe with special focus on Sweden and Denmark. This article mainly builds on two data sources. First, it analyses formal rules for mediation institutions and bargaining procedures. Second, interviews with key negotiators and mediators together with historical document analysis are used to uncover the actual strategies and processes of pattern bargaining and mediation within formal structures and procedures. Interviews were conducted with key bargaining actors from the main private sector industries in the two countries, most notably the pattern-setting manufacturing sector, and pattern-followers in the transport, building, retail, private services, finance and construction sectors. This was coupled with interviews with representatives from the union and employer confederations. Lastly, mediators in both countries were interviewed. In total sixty interviews were conducted. Due to concerns of confidentiality, none of the interviewees are quoted directly and their statements are used exclusively to map the actual processes of formalised procedures (see Traxler et al., 2008 for a similar approach). Together the sources provided a comprehensive set of data to build a contextualised comparative case analysis across time and space (Locke and Thelen, 1995).

Sweden and Denmark are close to optimal for a most-similar case comparison of industrial relations systems (Stokke, 1998). They are both small open economies with similar business structures that face similar market challenges. Moreover, the two countries are usually lumped together in welfare and industrial relations typologies as they share many important characteristics, including high union density, high bargaining coverage, universalist social democratic welfare

systems, country size and similar cultural backgrounds (Esping-Andersen, 1990). Lastly, both countries have converged onto a non-inflationary fiscal and monetary policy regime (Iversen and Pontusson, 2000). Accordingly, we should be looking for the fine details in the institutions and strategies of actors when explaining differences in bargaining processes and outcomes.

The article proceeds as follows. Following this introduction, the second section outlines the theoretical framework used to explain the apparent differences between the two countries. In this section, the effect of mediation institutions on bargaining coordination is introduced as a complement to conventional theory on institutional change, viz. power resource theory and cross-class alliance theory. The third section compares the pattern bargaining systems in Sweden and Denmark with the crucially important mediation institutions as the analytical centrepiece. The institutions of bargaining and mediation are presented and analysed in a comparative-historical manner together with the resulting coordination practices and outcomes. The final section discusses findings and reflects on the theoretical and empirical implications of the study.

POLITICS OF PATTERN BARGAINING AND THE EFFECT OF MEDIATION

Pattern bargaining at industry level is formally non-hierarchical – due to the absence or limited role of confederate bargaining – and requires that manufacturing settles first on a labour cost-norm (henceforth called the norm) (Sisson and Marginson, 2002). The norm is ideally a percentage ceiling for labour cost increases that can be transposed into other pattern-following agreements (Traxler et al., 2008). Bargaining is synchronised in terms of agreement periods; otherwise economic conditions for laggards might change the bargaining situation. Decentralisation from peak-level bargaining to pattern bargaining entailed a challenge of institutional design. The challenge was to introduce flexibility and reintroduce wage moderation into the bargaining model while preserving the fundamental principles of collectivism and voluntarism. As such, the institutional challenge meant realignment of both cross-class and intra-class coalitions resulting in a fundamental collective action problem –in terms of both designing institutions and sustaining them by avoiding defections in subsequent bargaining rounds (Scheuer, 1993).

The bourgeoning literature on institutional change has recently focused on endogenous incremental change with accumulative consequences (Streeck and Thelen, 2005). This strand of literature departs from punctuated equilibrium models of change and from investigation of critical junctures in which exogenous shocks shift the conditions for political, cognitive or normative lock-ins of institutions (Pierson, 2000; Teague, 2009). Thelen (2009) proposes various types of incremental institutional change. *Drift* refers to a slow decay of institutions that become ill-suited

to new circumstances and are made redundant or replaced. *Layering* refers to processes by which new institutions are formed while preserving the old ones. This changes actors' strategies as they can manoeuvre in a changed institutional setting. Old and new institutions might exist in competition, leading to drift, or they might co-exist. *Conversion* refers to processes in which actors reinterpret the rules of the game, thus changing the function – not form – of institutions. Authors investigating collective bargaining have noticed that resilience of institutional forms, e.g. bargaining coordination, might co-exist with changes of institutional functions, e.g. greater managerial discretion (Baccaro and Howell, 2011). Instead of plain displacement of existing institutions by new ones, these types of changes might actually save coordination and collectivism; in other words, you need to change to persevere (Thelen, 2012).

How do we explain the solutions in which bargaining coordination is changed but not dismantled? Two schools of thought have dominated analysis of institutional change in collective bargaining. The logic of power resource theory building associated with work by Walter Korpi is pervasive in industrial relations scholarship (Godard, 2004; Korpi and Shalev, 1980). According to this logic, resilience of coordinated collective bargaining can only be achieved by strong unions alone or together with strong Left parties. Thus, in the face of high unemployment and post-Fordist production from the late 1960s and onwards, different power resources of labour meant that some countries resisted 'disorganised decentralisation' (Traxler, 1995). The sources of power can be many (Kelly, 2011), but sufficiently broad and dense union movements are needed to equalise the inherent power imbalance between employers and employees (Godard, 2004) and avoid intra-class competition on terms and conditions of employment (Traxler, 1998). In the absence of strong unions and statutory extension mechanisms, employers would prefer individualised contracts as a means to achieve flexibility and wage moderation through market discipline. As Teague (2009: 518) has recently argued, the new collective bargaining system in Sweden did not dismantle the fundamental principles of collectivism and self-regulation due to strong unions.

The second logic stems from cross-class alliance theory and its affinities with Varieties of Capitalism (VoC). At the core of this logic, employers are not passive takers or opponents but often active proponents for coordination (Hall and Thelen, 2009). Following cross-class alliance scholars (Iversen, 1996; Swenson, 1991; Swenson and Pontusson, 2000), it is possible to map cross-class alliances based on common interests between capital and labour due to the position of industries in labour markets and product markets. The market-vulnerable alliance consists of companies under fierce low-cost competition employing low-skilled workers. Low-skilled un-

ions previously benefited from solidaristic peak-level bargaining where high-skilled workers accept wages below-market clearance levels in return for high employment. Conversely, employers in this alliance benefited from taking wages out of competition. The strategic alliance, typically in exposed high-end manufacturing, has a common interest in flexible wage-setting to attract high-skilled labour but must avoid cost-push externalities from other sectors due to foreign competition. Finally, the sheltered alliance consists of employers that are not in competition with foreign companies. This alliance can easily pass on pay hikes to price increases for consumers and since workers are high in demand, defection from the pattern is opportune. Scheuer (1993) depicts the risk of defection as an N-way prisoners' dilemma. Thus, according to this theory, cross-class alliances and the outcome of their power battles will determine institutional design (Iversen, 1996). If the strategic alliance yields sufficient power over the others, bargaining coordination will reflect this.

Consequently, what should we make of actors' interests and strategies? Industrial relations scholars have long documented the partly diverging, partly converging interests of capital and labour across sectors. Sisson (1987), Traxler (1996) and Due et al. (1996) argue that strong unions were the prima facie reason for employer coordination to 'cartelise' prices through wages, avoid leapfrogging tactics and unrest on the shop-floor. Korpi (2006) argues that employers are mere consenters – not protagonists – when it comes to bargaining coordination and when given the choice, employers are antagonistic towards coordination. By showing that employers have a second-best preference for coordination, the differences between power resource theory and cross-class alliances seem reconcilable (Korpi, 2006). Thus, while we should recognise that employers are key players in changing bargaining institutions, such changes are contingent upon union power resources (Due et al., 1994; Hall and Thelen, 2009). Recently, Busemeyer has shown that employers are 'pivotal actors' in designing institutions due to an institutionally constructed dependency of the state and unions on continued support from business (Busemeyer, 2012). Similarly, Howell and Givan (2011) and Palier and Thelen (2010) stress how the state has promoted changes in industrial relations towards greater flexibility furthering the interests of cross-class alliances in manufacturing.

The problem with these two schools of thought and their potential compromise is that their primary focus is on material interests and power resources – although they disagree on the structure of interests and power. Institutions become a reflection of these factors and not an explaining factor in itself (Parsons, 2007). In other words, both theories assume a link between material

interests and institutions but the mechanisms of institutional design are not clear cut. Thus, cross-class alliances can explain why a strategic alliance in manufacturing – the key bargaining sector – should attempt to control other sectors in a coordinated bargaining model due to considerations of wage moderation and flexibility, but we need to know the mechanisms or conditions to achieve this.

As Traxler et al. (2008) note, remarkably little is known about the agency of pattern bargaining and how it is institutionalised in bargaining procedures. In their study of Austria, Traxler et al. (2008: 40-42) argue that the functionality of pattern bargaining – and thus employers' continued support of bargaining coordination – is contingent upon interest mediation by social control. First, the exposed sector should wield power over other bargaining units, notably sheltered sectors. This can be achieved through size and importance of the sector together with high organisational density. Mergers in manufacturing unions and employer federations are beneficial to this (Iversen, 1996; Marsden, 1999). Second, the exercise of power must be latent and non-intentional as to not compromise self-autonomy of other bargaining units. Third, the exposed sector must itself show wage moderation, even though it typically increases productivity relatively more. In this way, counter claims for wage increases in other sectors due to wage drift in manufacturing can be avoided.

Taking the authors' argument further, the challenge of institutional design begs the question of how social control can be institutionalised in repeated bargaining rounds. Recently, Baccaro and Simoni (2010) have criticised the focus on bargaining levels and coordination and the neglect of internal organisational procedures of bargaining parties, that is, institutions. Contrary to mainstream neo-corporatism, their study shows how union ballots actually increase wage moderation rather than decrease it. In doing so, they underline how important decision-making procedures are for the actions of organised labour and employers. In this vein, we need to include the reinterpretation of existing institutions or establishment of new institutions to explain how the introduction of flexibility and reintroduction of wage moderation could be introduced without dismantling coordination based on collectivism and voluntarism.

Bringing in mediation institutions

As noted, the impact of mediation for coordination has largely been underemphasised in international comparative work on bargaining coordination (e.g. Swenson, 2002; Traxler et al., 2008; Wallerstein and Golden, 2000). Case studies, however, have shown that mediation institutions

can have a coordinating role in collective bargaining and that bargaining parties and their relative powers are not alone in explaining coordination (Due et al., 1994; Elvander, 2002; Stokke, 1998). Mediation differs from the related activity of conciliation in that the mediator can actively propose settlements to bargaining parties that cannot settle on their own. But in contrast to arbitration, the mediator cannot make binding settlements that bargaining parties must follow.

Stokke (1998) notes two general roles that can be found in Scandinavian mediation. The peacemaker is a neutral third party appointed by the state or the parties whose only objective is to produce a settlement according to bargaining power and avoid industrial action. If proposed settlements by the mediator can exceed the manufacturing norm, then mediation seems a weak bulwark against defection. Conversely, the political actor is a biased third party whose objective is to produce a settlement according to politically defined aims. If proposed settlements are somehow restricted to remaining within the labour cost norm, then in order to break the norm, bargaining parties will be forced incur the costs of naming and shaming for defection and possibly the costs of industrial action. Unions in the sheltered sector can therefore use backward induction to determine that they will get no more and no less from mediation than from the manufacturing norm if they do not strike a bilateral deal. Therefore, they have to either resort to industrial action or convince employers to concede and break the norm. However, with a neutral mediator, the settlement, *ceteris paribus*, will reflect the bargaining power of the parties and give a higher payoff for unions. Conversely, for employer representatives in the sheltered sector, in the situation of neutral mediation, defection might actually be the optimal strategy as the blame for defection from the norm can be transferred to the mediator, i.e. the scapegoat function of mediation (Kerr, 1954) and cost increases can be transferred to consumers. Moreover, if unions want to minimise the risks in industrial action, they might want to 'help' their employer counterpart by using mediators as scapegoats.

The feasibility of going outside mediation to a large extent rests on the institutions regulating industrial action. For sheltered sector unions, going outside mediation and into industrial action might make sense in market terms but institutionally this possibility can be severely circumscribed. First of all, mediation might be compulsory, although there is no binding award as in arbitration. Moreover, mediation will typically involve a restriction of industrial action during the mediation process. This can include a mandatory notice period for industrial action, extension of mediation period or a cooling-off period. Similarly, the mediator can compel parties to engage in real negotiations; that is, they have to exhaust all possibilities for a compromise before

choosing the outside option. By such procedures, pattern-followers are compelled into mediation and cannot go it alone until the mediator has proposed at least one settlement. Furthermore, and this is crucial, mediators can affect final decision-making on proposed settlements. This can be done indirectly by publicising the proposed settlement, thereby exposing potential defectors, or directly by choosing the procedure for decision-making, most commonly through balloting or competent assembly (Kerr, 1954). Note that compulsion does not entail binding awards as in arbitration but rather capabilities that will raise the costs and thus lower the feasibility of defection. Stipulating the internal ratification process of bargaining parties is highly controversial but is a cornerstone of the statutory procedural framework for industrial relations in many countries (Baccaro and Simoni, 2010; Dickens and Hall, 2003).

Based on these two dimensions – mediation roles and capabilities – we end up with the following four propositions for analysing the coordination effect of mediation in pattern bargaining:

Proposition 1: Biased mediation based on pattern bargaining combined with hard capabilities that compel parties to follow the proposed settlements should be very effective in avoiding defection. Mediators will not propose settlements above (or below) the cost norm and the outside option is made difficult due to decision-making procedures.

Proposition 2: Biased mediation based on pattern bargaining combined with soft capabilities has a mixed effect of its effectiveness in avoiding defection. Parties are forced to choose the outside option if they want to defect. But if market conditions and rules for industrial action allow it, defection might be feasible.

Proposition 3: Neutral mediation combined with hard capabilities also has a mixed effect. The inside option of mediation could be a defection from the cost norm based on bargaining power of parties. Conversely, mediators can make it hard to choose the outside option due to hard capabilities. Market conditions might be decisive.

Proposition 4: Neutral mediation combined with soft capabilities has a weak effect on pattern bargaining. Parties can choose either the inside or outside option for defection and the bargaining power will be decisive.

COMPARATIVE ANALYSIS

The comparative analysis first investigates the power resource and cross-class alliance explanations for coordinated bargaining resilience. Next, we analyse the role and capabilities of media-

tion institutions and show how they solve collective action problems in pattern bargaining by pegging settlements to the manufacturing pattern.

Power resources and cross-class alliances in the wake of decentralisation

Swedish and Danish wage coordination oscillated between bargaining levels during the 1980s but stabilised at the industry level during the 1990s. Table 1 depicts the degree of coordination from 1960 to 2010. During the 1960s, confederations of capital – Svenska Arbetsgivareföreningen/Svenska Näringslivet (SAF/SN) in Sweden and Dansk Arbejdsgiverforening (DA) in Denmark – and labour – Landsorganisationen i Sverige (LO-S) in Sweden and Landsorganisationen i Danmark (LO-D) in Denmark – negotiated economy-wide enforceable agreements on the major items in collective agreements, most notably wage increases and working time. As de Geer (1992) shows, this typically entailed that metalworking in exposed markets coerced or persuaded its peers in construction and transport in sheltered markets to accept wage moderation in solidaristic bargaining.

Table 1: Wage coordination in Denmark and Sweden, 1980–2012 (private sector)

	Denmark	Sweden
1960s–1970s	Centralised Bargaining (5)	Centralised Bargaining (5)
1980	Centralised Bargaining (5)	Centralised Bargaining (5)
1981	Industry Bargaining (3)	Centralised Bargaining (5)
1982	Centralised Bargaining (5)	Centralised Bargaining (5)
1983	Industry Bargaining (3)	Mixed Bargaining (4)
1984	Industry Bargaining (3)	Industry Bargaining (3)
1985	Centralised Bargaining (5)	Mixed Bargaining (4)
1986	Centralised Bargaining (5)	Mixed Bargaining (4)
1987	Industry Bargaining (3)	Mixed Bargaining (4)
1988	Industry Bargaining (3)	Industry Bargaining (3)
1989	Industry Bargaining (3)	Industry Bargaining (3)
1990	Industry Bargaining (3)	Industry Bargaining (3)
1991	Industry Bargaining (3)	Tripartite Bargaining (5)
1992	Industry Bargaining (3)	Mixed Bargaining (4)
1993	Industry Bargaining (3)	Mixed Bargaining (4)
1994	Industry Bargaining (3)	Mixed Bargaining (4)
1995	Industry Bargaining (3)	Industry Bargaining (3)
1996	Industry Bargaining (3)	Industry Bargaining (3)
1997	Industry Bargaining (3)	Industry Bargaining (3)
1998	Governmental Intervention (5)	Industry Bargaining (3)
1999	Industry Bargaining (3)	Industry Bargaining (3)
2000–2012	Industry Bargaining (3)	Industry Bargaining (3)

Adapted from [WCOORD] in ICTWSS 3.0 database (Visser, 2011):

Note: The author recoded 1999, 2000, 2004 for Denmark, which erroneously were coded as Mixed bargaining (4) in Visser (2011).

The pressures leading to change have been dealt with elsewhere and are not the focus here (cf. Ahlén, 1989; Blyth, 2002; Iversen, 1996; Katz, 1993; Swenson and Pontusson, 2000; Thörnqvist, 1999). Decentralisation to the industry level meant cutting off the centralised bargaining level to curb wage inflation. Federate unions and employers' associations are the parties to collective agreements. Thus, confederate bargaining and control over wages at lower levels depended on confederate control over affiliates at both industry and company level. If control is weak, confederate bargaining was just another layer of wage increases that typically favoured low-skilled workers while accepting lower than market clearance for higher-skilled workers. By the end of the 1970s, confederate control over affiliates had run its course with wage increases happening at confederate, federate and company level. In Denmark, the parties rarely reached agreements and governments intervened in wage bargaining four times during the 1970s (Due et al., 1994). And

in Sweden, employers became more and more frustrated over the lack of wage discipline at lower bargaining levels (De Geer, 1992). With public sector unions in other confederations on the move, the governance deficit became even more apparent. Wage drift gave asymmetrical wage increases, with the effect that unions made compensatory claims without regards to competitiveness or productivity, to the distress of metalworking unions. The advantages for employers of centralised wage bargaining – taking wages out of competition and settling below market clearance – had vanished.

Table 2: Pattern-setters and defectors in Denmark 1990–2012

	Pattern-setter	Defectors	Result
1991	Manufacturing (Transport)	-	Synchronised approval
1993	Manufacturing (Transport)	-	Synchronised approval
1995	Transport	Manufacturing	Two-year agreements in transport and construction Three-year agreement in manufacturing
1998	Manufacturing (Transport)	-	Encompassing strike and governmental intervention
2000	Manufacturing (Transport)	-	Synchronised approval
2004	Manufacturing (Transport)	-	Synchronised approval
2007	Manufacturing	-	Synchronised approval
2010	Manufacturing (Transport)	-	Synchronised approval
2012	Manufacturing (Transport)	-	Synchronised approval

Various sources[5]. Note: Transport in parentheses means that this agreement takes out higher wage increases due to the normal wage system – no local wage increases – and that it sets the pattern for the approximately 15 percent of the private sector labour market with this wage system.

Table 3: Pattern-setters and defectors in Sweden 1990–2012

	Pattern-setter	Defectors	Result
1991	Tripartite Rehnberg Group	Transport	Approved
1993	Retail	Transport	Partial strike: Transport
1995	Paper and pulp	Various industries	Breakdown in coordination
1998	Manufacturing (IA agreements)	-	Approved
2001	Manufacturing (IA agreements)	Retail Hotel and Restaurants	Approved
2004	Manufacturing (IA agreements)	Food processing Retail Hotel and Restaurants Maintenance	Approved
2007	Manufacturing (IA agreements)	Retail Hotel and Restaurants	Approved
2010	Manufacturing (IA agreements) Salaried workers and academics first	Retail Paper and pulp	Partial strike: Paper and pulp Unsynchronised agreements
2012	Manufacturing (IA agreements)	-	Approved

Various sources[6]

In both countries, however, cross-industry coordination was needed to avoid negative cost externalities arising from sheltered sectors. Similarly, weak unions needed coordination to avoid growing wage gaps. The solution was pattern bargaining where parties in the pattern-setting industry settle on a percentage labour cost norm that other bargaining units subsequently follow. Tables 2 and 3, however, show that there are substantial differences between the pattern bargaining outcomes in the two countries. Coordination has broken down only once in Denmark, when transport went first in 1995 and settled differently from manufacturing. Conversely, there are multiple defectors in the Swedish case, with retail, hotels and restaurants often breaking the pattern and settling on relatively higher cost increases.

Table 4: Organisational power resources in Sweden and Denmark 2011–2012

	Sweden	**Denmark**
Manufacturing share of total union membership[a]	14.6 %	13.4 %
Manufacturing net union density[b]	78.0 %	81.7 %
Manufacturing employer associations' share of employment in confederation	Multiple organisations 33.2 % of SN (12.1 % of Swedish total employment)	DI 62.3 % of DA (20 % of Danish total employment)
Union concentration in manufacturing – number and bargaining competence	5 unions Facken inom Industrin is a non-binding bargaining cooperation	8 unions CO-industri is a bargaining cartel with binding agreement mandate
Employer association concentration in manufacturing – number and Herfindahl index[vii]	9 employer associations 0.29	1 employer association 1
Manufacturing share of GDP[c]	19.0 %	19.0 %
Manufacturing share of total employment[d]	14.0 %	12.0 %

[a] Manufacturing union membership as a percentage of total union membership

[b] Ratio of union membership to employment in manufacturing

[c] Ratio of manufacturing production/services to GDP

[d] Manufacturing employment[viii] as a percentage of total employment

Sources for Sweden: Own calculations, Facken inom Industrin, Medlingsinstitutet 2012, SN, Teknikföretagen

Sources for Denmark: Own calculations, CO-industri/DI, Statistics Denmark, faos.dk, DA

Table 4 gives a snapshot of the organisational power resources. While density rates should not be regarded as power per se (Kelly, 2011), it is remarkable how much the two countries are alike when looking at total union and employer density rates. Well above the averages in EU countries, union density is approximately 70 percent in both countries, reflecting powerful organised labour, i.e. the precondition for resilient coordination in power resource theory. Moreover, overall employer density is 86 percent in Sweden and 71 percent in Denmark (Due et al., 2010; Medlingsinstitutet, 2012). One would be hard pressed, however, to explain multiple defections in Sweden with union power or substantial differences in Left party dominance (cf. Manow, 2009).

According to the cross-class alliance theory and the hypothesis of Traxler et al. (2008: 44) about social control through economic size and organisational strength, more defections in Sweden should be explained by manufacturing in Denmark being more powerful than in Sweden. The second part of table 4, however, shows that the economic size and importance of manufacturing in the two countries are remarkably similar, thus not warranting the kinds of differences we see.

Nonetheless, the employers and unions in exposed sectors were indeed the main agents in decentralisation. The metalworking employers, Jernets Arbejdsgivere (JA) in Denmark, spearheaded pushes for industry-level bargaining but with assistance from metalworking unions. The logic for Danish pattern bargaining was signalled in the tripartite 'Common Declaration' in 1987 in which LO-unions pledged to bargain for employment and real wage improvements rather than nominal pay hikes. In 1991–1992 a strong 'strategic alliance' took shape on the basis of Danish Industries (DI). The new confederation of business was the result of two mergers – first between JA and Industrifagene (process manufacturing industries) to form Industriens Arbejdgivere, which then merged with Industrirådet (a policy and lobby organisation for manufacturing). The move culminated in the 1989 reorganisation of DA that cut down its affiliates from 150 to 50 employer associations. As of 2013, there are only 13 employer associations in DA. Unions in metalworking had long since created the bargaining cartel CO-metal, but it did not match DI for the rest of manufacturing. Thus, in 1992, CO-industri was formed between skilled and unskilled workers, the latter represented primarily by KAD and SiD, and with it a strong strategic alliance in manufacturing – with concentrated actors on both sides – was born (Due et al., 1994; Scheuer, 1993).

Metalworking employers, Verkstadsföreningen (VF) and IF Metall also spearheaded decentralisation in Sweden with their break-free agreement in 1983 (Ahlén, 1989). In contrast to Denmark, however, the 'strategic alliance' in Swedish manufacturing was not fully institutionalised until 1997. Moreover, it was on union initiative and with government pushing (Howell and Givan, 2011) that employer associations, including Teknikföretagen (former VF) in metalworking and manufacturing unions – across union confederations – signed Industriavtalet (IA) after a chaotic bargaining round of 1995 (Stokke, 1998). IA was the biggest development in Swedish industrial relations since the Saltsjöbaden agreement in 1938 as it constituted a bargaining system fundamentally different from centralised bargaining (Elvander, 2002). The parties pledged to use a new synchronised and coordinated bargaining system in which manufacturing should set the norm for the rest of the economy. Uniformity of cost increases and agreement periods in manufacturing is seen as key for pattern bargaining to have any effect. Employer associations in Sweden, however, did not merge as they did in Denmark, which can be seen in the low Herfindahl score in table 4. Clearly, Teknikföretagen has a privileged role due to its size, but it is

dwarfed by its Danish counterpart DI. On the union side, a new bargaining cooperation called Facken inom Industrin (FI) joined the SACO union for engineers (Sveriges Ingenjörer), TCO union for salaried workers (Unionen – formerly SIF) with LO-unions for manual workers. This certainly strengthened cross-confederation coordination but did not create a bargaining cartel – like CO-industri in Denmark – due to fragmentation of employers.

This shows that interest representation in Danish manufacturing is more concentrated than in Sweden but is not more important economically. This would suggest an organisationally stronger cross-class alliance in Denmark and would thus explain fewer defections in Denmark. Conversely, power resource theory seems apt to explain why complete decentralisation never materialised. The theories, nonetheless, fail to specify how cross-class alliances exercise social control, in the words of Traxler et al. (2008). By comparing mediation institutions – their role and their capabilities – the analysis will now show how social control is institutionalised and why defection is possible in Sweden while almost impossible in Denmark.

Mediation in Denmark and Sweden

In this section, we will show that by pegging settlements to the pattern, mediation institutions of both countries have a necessary role in solving collective action problems in pattern bargaining. The mediation institution in Denmark – forligsinstitutionen – is formally a peacemaker but with hard capabilities (proposition 3). Established in 1910 to mediate in interest conflicts over renewal or creation of collective agreements, it has the power to convene the parties, obtain information on actual conditions at the workplace, and make recommendations for concessions. Moreover, it can postpone notified industrial action two times for up to 14 days. By law, the mediator can propose settlements but according to mediations, settlements will de facto reflect the relative strength of the parties. Thus, the mediator is neutral and will only propose what the result of industrial action would have been. In the 1930s, Denmark was plagued by conflicts in which work stoppages in singular bargaining areas were fought with general lock-outs by DA to centralise and control bargaining (Swenson, 1991). To remedy this, in 1934 the mediation institution was given the right to link all bargaining areas into one mediation proposal that would join areas with agreements to those that did not reach agreement. In this way, one deciding vote centralised decision-making according to majority rule, which potentially conceals rejections in some bargaining areas (cf. FAOS, 2013) – thereby reducing the possibilities for defection. By these means, bargaining rounds become all-or-nothing decisions about the mediation proposal (Due et al., 1994).

The mediator alone, however, is unfit to enforce pattern-setting given its neutrality. This is solved by LO-D and DA involvement in the linkage of bargaining areas. DA and LO coordinate

during negotiations and are in close contact with bargaining areas that go into mediation. Indeed, the final linked proposal by the mediator is carefully negotiated with the confederations. The role of DA is to keep bargaining areas that did not settle in line with upper limits of the norm, while LO-D ensures that none of its affiliates break the lower limits of the norm. DA holds considerable power over its affiliates as it can veto any agreement in its executive committee. Since DI holds de facto majority here due to its size, it is very unlikely – but not impossible – that employer coordination breaks down. Conversely, LO-unions decide by membership ballots and it requires a majority and at least 25 percent of eligible voters to reject a proposal. Due et al. (1994) call the system 'centralised decentralisation' to underline the confederate coordination. The mediation system is de facto based on the 'strategic alliance' setting a norm that confederations defend in the linked proposal (proposition 1), making defection almost impossible. As a counterfactual we can say that if the mediator did not link agreement areas into one decision, employers would have to resort to general lock-outs because of singular conflicts, as they did before 1934 (Swenson, 1991).

In Sweden, a dual-mediation system exists which is formally biased towards sound wage developments in line with manufacturing but has weaker capabilities than its Danish counterpart (proposition 2). A crucial innovation of the IA in 1997 was the creation of independent chairs – opartiska ordföranda (OpO) – whose task is to monitor the first two months of bargaining and then mediate directly during the last month. The powers of OpOs rely on compelling parties into mediation and proposing settlements. Furthermore, since 2011 the option of public deliberations in case of disagreement and voluntary final-offer arbitration has existed. OpOs work in teams of two on each agreement and the group of OpOs coordinates proposals so that they are in line with sound wage developments. In this sense, an OpO is not neutral but has a clear mandate to ensure sound wage developments in manufacturing. Similar negotiation agreements subsequently surfaced in other industries and in 2000 a new National Mediation Office (NMO) – Medlingsinstitutet – was established to replace the former förlikningsmannaexpedition that had existed since 1906. The purpose of NMO was explicitly stated by law to 'ensure sound wage developments' by bringing wage developments in line with manufacturing and the new IA-regime. The NMO can compel parties that do not have negotiation agreements, which constitute roughly 40 percent of the labour market (Medlingsinstitutet, 2012). Typically, the NMO will do this when a seven-day notification of industrial action has been given. Mediation will then commence with the option of postponing conflicts for 14 days. This makes NMO mediation much more acute as the threat of conflict is imminent.

Involvement of confederations in Sweden is different from in Denmark. In fact, there has been no formal role for LO-S and SN in bargaining since SAF's (later SN) withdrawal from bargain-

ing in 1990. Nonetheless, bargaining coordination exists and SN especially has worked hard to informally invoke discipline by affiliates, but the ultimate sanction is 'naming and shaming'. LO-unions coordinate around bargaining goals but do not have formal control over agreements either. Instead, contract ratification is the prerogative of individual bargaining parties with their own agreements and the most common decision-making body by far is the competent assembly. Union ballots are not used and mediators have no say in how the parties decide on mediation proposals. Moreover, there is no tradition for government intervention should industrial action occur. Thus, mediators will effectively guard the manufacturing norm, but they cannot affect the ratification procedure; defection is therefore made possible.

Figure 1: Danish bargaining and mediation process

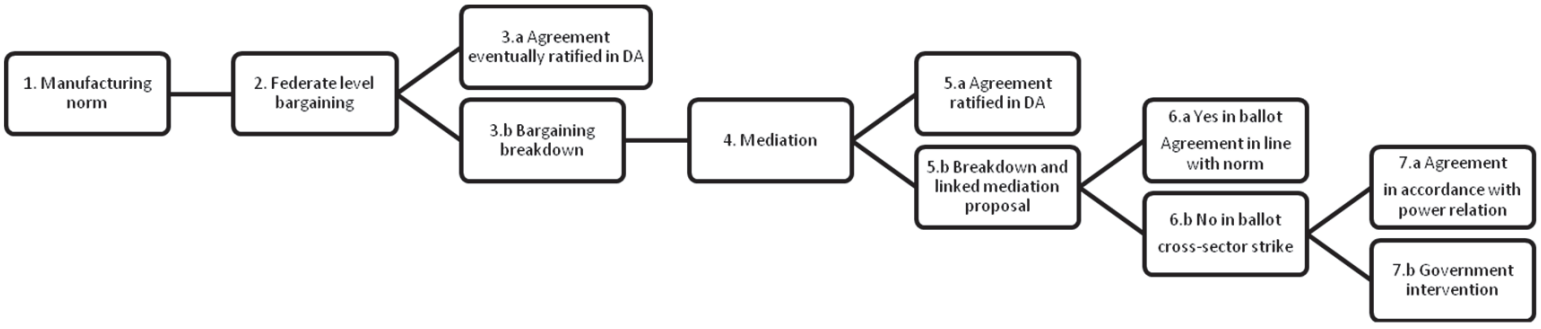
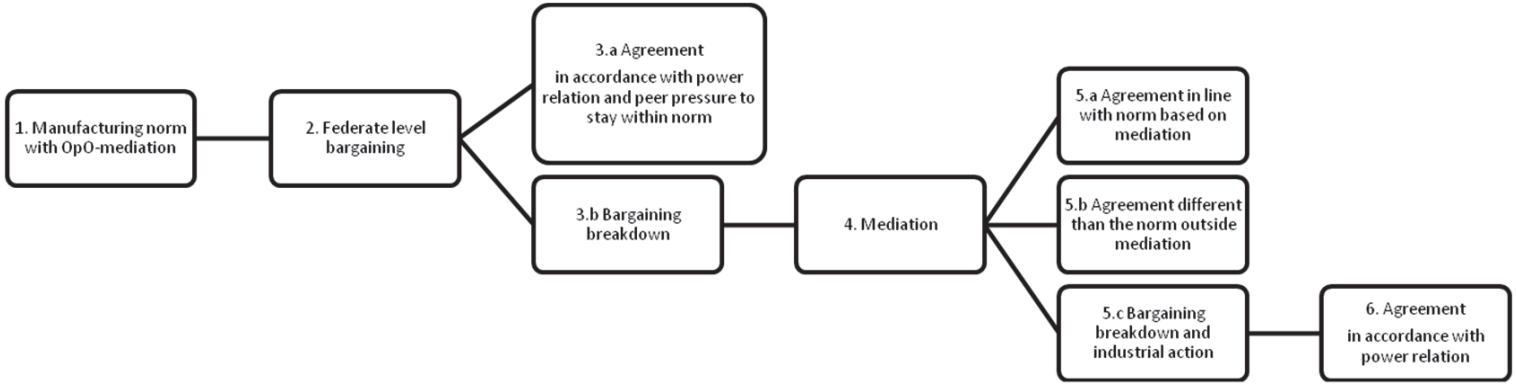


Figure 2: Swedish bargaining and mediation process



Danish pattern bargaining and mediation in action

How does the Danish mediation process help to solve collective action problems in pattern bargaining? This section combines analysis of formal rules of mediation and negotiation procedures with interviews of representatives of social partners and mediators. Figure 1 illustrates the sequence of pattern bargaining and mediation in Denmark, which is based on a negotiation agreement between LO-D and DA. The negotiation agreement stipulates a synchronised bargaining process by which all agreements expire at the same time and notifications of industrial action encompass the entire LO-D and DA area. The first three stages pertain to the federate level: 1) DI and CO-industri settle on the labour cost norm based on minimum wage increases and improvements on non-wage issues. The total percentage increase per agreement period constitutes the norm. 2) Concomitantly, the other bargaining areas negotiate on anything but cost-driving provisions to get as ready as possible while waiting for the cost norm. The incentive to do so ultimately depends on the bargaining climate with the social partners. In a positive bargaining climate, parties will try to solve common technical issues in their agreement because mediation proposals will almost never resolve them. In a negative climate, parties can obstruct anything precisely because they know that they will get the norm. 3.a) If the parties agree, the DA executive committee approve or reject the agreement – meaning that parties induce that breaking the norm is not an option. 3.b) If the parties do not agree, they are compelled to engage in mediation.

4) The mediator and his team of mediators decide whether to engage the parties in direct mediation or allow them to continue on their own with given tasks and deadlines. Individual mediators propose settlements that conform to the cost norm of manufacturing, and according to mediators, it is not uncommon to have the manufacturing agreement at hand when designing provisions. As noted, this is due to confederate involvement in linkage whereby settlements are carefully controlled by LO-D and DA before any settlement is incorporated into the linked mediation proposal. 5) Should the mediator fail to bring the parties into agreement, the bargaining area is transferred to linkage and bilateral bargaining is de facto terminated. LO-D and DA identify the areas with and without agreement; the latter are given increases on provisions in accordance with the cost norm.

According to mediators and confederate representatives, because of different agreement constructions, e.g. minimum wage systems (with additional company level bargaining), normal wage systems (without company level bargaining) and piece-rate systems, linkage is based on three preconditions. First, manufacturing needs to settle. Second, areas with normal wage – typically the transport agreement between DI (since 2007) and 3F/Transport – need to settle. The mediator requires some indication of how to translate the cost norm into normal wage agreements. The transport agreement is crucial because it sets normal wage increases for other areas

such as food processing and cleaning. In order to compensate for the lack of company wage bargaining, parties therefore estimate the scope of company wage increases in minimum wage areas. Third, LO-D and DA employ an agreed-upon set of equations to translate cost increases based on particular provisions and the composition of the labour force. The key stumbling block in Danish pattern bargaining is therefore the tension between the minimum wage and normal wage system. Bargaining rounds in 1991 and 1993 were successful, but in 1995 the pattern-setting role of manufacturing broke down as HTS-A (transport employers) and SiD/Transport settled first on a two-year agreement. The breakdown led to internal restructuring in DA, including a change of president, who pledged tighter coordination around manufacturing.

6) Once publicised, the parties engage in their respective decision-making procedures. Employers in DA decide in an executive committee where DI holds 50 percent of the vote, making defection extremely difficult. Unions hold a nation-wide ballot with their members. Rejection of a proposal requires a majority. However, if less than 40 percent of eligible voters participate, then at least 25 percent of eligible voters are required to vote 'no' in order to reject the proposal. 7) If rejected, encompassing industrial action commences due to the general mutual notification of strike and lock-out by LO-D and DA, respectively.

The last private sector conflict in 1998 is indicative of the centralising effect of linkage on bargaining. The minimum wage system, which covers 85 percent of workers, is troublesome for industry-level ballots. In order to control labour costs, negotiators have to discount the additional cost increases stemming from company level bargaining. This means that industry level agreements contain few cost-increasing improvements to leave room for local wage increases in the overall cost norm. When balloting, union members are naturally incognisant of their actual wage increase and might turn down what they believe to be 'two birds in the bush'. The answer to this challenge has been to broaden the scope of agreements. In 1991, the occupational pension scheme, AMP, had already been introduced to give private sector workers similar rights to public sector workers. Moreover, agreements were made in 2004 on parental leave and in 2007 on continuous vocational training (CVT). In the absence of industry-level wage increases, non-wage issues provide union leaders (and their employer counterparts) with vital selling points for the ballot. Crucially, linkage in mediation provides LO-D with a strong lever to ensure proliferation of supply-side solidaristic issues to workers in all industries (Baccaro and Locke, 1998). Governments have historically intervened after some weeks of work stoppage and normally the intervention mimics the final mediation proposal, thus severely reducing feasibility of defection.

Swedish pattern bargaining and mediation in action

This section combines analysis of formal rules on mediation and negotiation procedures with interviews with representatives of social partners and mediators in Sweden. It shows how defections are possible in contrast to Denmark. Figure 2 illustrates the sequence of pattern bargaining and mediation in Sweden. 1) As noted, OpOs are crucial in establishing the manufacturing norm. During the first two months of bargaining, the parties are encouraged to settle on any technical issues and OpOs can urge parties to speed up if things are moving too slow. Meanwhile, OpOs have discussed the level of labour cost norm considering Swedish manufacturing and the economy in general. During the last month, the OpO-teams are quick to zoom in on agreement periods, cost increases and distribution of cost increases. Mediators are informed that these variables will be affected by the concrete bargaining power of parties and, crucially, labour demand. But OpO will have their own view on the level of their proposal. Typically, only a couple of mediation proposals will be made, putting pressure on parties. This is facilitated by an internal hierarchy between agreements. Traditionally, the agreement between Teknikföretagen and IF Metall from LO-S goes first, setting the norm for the other agreement areas, which quickly follow suit. However, in 2010 Teknikföretagen went first with Unionen and Sveriges Ingenjörer (engineers). Conversely, IF Metall settled on a longer agreement, showing that even within manufacturing, defection is possible due to union fragmentation.

2) When the manufacturing norm has been established, pattern followers can begin focusing on the cost-increasing provisions and the agreement length. Before that, issues of a more technical nature can be settled. 3.a) Should individual bargaining areas settle on their own, no mediation is necessary or compulsory. Thus, defection is possible at this stage but confederate coordination and naming and shaming apply. 3.b) If there is a bargaining impasse close to agreement expiration, there will typically be a notification of industrial action and the NMO convenes the parties. This only applies in areas with no independent negotiation agreement and mediation system. 4) Teams of two to three mediators do a quick agenda-tidying to ensure that agreement period and cost increases – most importantly wages – are in focus. Based on deliberations, mediators propose settlements that parties decide on. Similar to OpO mediation, only a few proposals are made to increase pressure on parties. 5.a) If the parties agree to the proposal, the agreement will be in line with the cost norm and the negotiators will use the NMO as a scapegoat for following the norm vis-à-vis constituencies. 5.b) If the parties are willing to go beyond the cost-norm despite confederate coordination and naming and shaming, mediators of the NMO will retire from the process. In other words, the mediators will not be used as scapegoats for defection but cannot prevent defection either. 5.c) If parties cannot settle, industrial action will begin with-

in the bargaining area. 6) A new agreement will result after industrial action based on the power relation of the parties. As a rule, government will not intervene to terminate work stoppages.

Defections stem from the heritage of LO-S's solidaristic wage bargaining. LO-S explicitly coordinates around a low-wage strategy that should give supplementary nominal wage increases to low-wage workers, e.g. in retail, hotels and restaurants. These industries have frequently defected and created a low-wage norm that subsequent bargaining areas have copied. The mechanism for achieving this has on some occasions (2004 and 2007) been strike notifications by retail workers – Handels – around the Easter sales, a crucial time for retail employers who turn away from SN coordination and mediation proposals. The low-wage norm is based on the manufacturing norm plus a so-called z-factor (räknasnurra). Wage differentials between industries become all the more important in Swedish pattern bargaining because of the control of wages in agreements. While the Danish minimum wage system only stipulates a floor for company-level bargaining, the Swedish agreements contain a variety of constructions – including fall-back wage guarantees, individual guarantees and wage pools – that to a larger extent control company-level bargaining (Medlingsinstitutet, 2012). Due to employer fragmentation and the focus on sound wage developments in mediation, any coordinated attempts of removing industry-level control have been thwarted. Conversely, coordination on supply-side solidaristic issues such as CVT has been unsuccessful whenever unions have pushed for it in bargaining rounds. The situation has led to tensions between LO-unions over the FI-platform versus the LO-S's low wage strategy. In 2011, Pappers (pulp and paper) left FI and the IA because of disagreement over whether the manufacturing norm should preclude solidaristic pay hikes for low-wage sectors. And in 2011 IF Metall did not join the LO-coordination because of the construction of the low-wage profile.

DISCUSSION AND CONCLUDING REMARKS

Pattern bargaining replaced peak-level bargaining as a viable coordinated alternative to complete decentralisation. Avoiding defections from the pattern set in manufacturing was crucial for the continued support of manufacturing employers and high-skilled manufacturing unions and thus the sustainability of coordinated bargaining. In turn, market-vulnerable unions would benefit from some degree of collectivism as uniform labour cost increases also apply to their bargaining areas. Both power resource theory and cross-class alliance theory offer us valuable insights into the coalitional character of the change from centralised bargaining to pattern bargaining. The institutional change was indeed promoted by cross-class alliances in manufacturing, but this alliance was contingent upon strong unions and not necessarily designed by employers. However, these theories cannot tell us how strong alliances make coordination work. In line with Traxler et al. (2008), the analysis finds that pattern bargaining is about social control by a cross-class alli-

ance in manufacturing, but contrary to these authors, the article shows that control is neither latent nor non-intentional – it is institutionalised in mediation. Both Sweden and Denmark clearly show that mandatory mediation has made defections by sheltered sectors difficult in Sweden and almost impossible in Denmark by pegging mediation proposals to the manufacturing norm. If sheltered sectors want to defect, they have to go outside mediation and incur the costs of doing so. Mediation institutions of both countries are thus necessary for making coordination work in the absence of centralised bargaining.

The importance of mediation is moreover shown by the fact that the capabilities of mediation to force sheltered sectors to agree on the norm are substantially different in the two countries. In Denmark, the mediation institution has the capacity to link agreement areas into one majoritarian union ballot which effectively brushes away potential defectors. Could manufacturing employers have achieved thus solely due to their size and concentration? Yes, but they would be forced to establish general lock-outs – as they did in the beginning of the 20th century before the mediation institution was given the capacity of linkage – if one bargaining area were not in line with the pattern. This would have been a recurring situation given the ballot results since 1990 (cf. FAOS, 2013). A necessary condition for linkage is that confederations stick to the manufacturing norm and the defection in 1995 by transportation shows how important this is. Conversely, the Swedish mediation has less power to force bargaining areas into agreement and rely much more on persuasion, naming and shaming and the role as scapegoat when attempting to bring potential defectors in line. Moreover, the Swedish employer confederation, SN, has no general lock-out competence, making defection by sheltered sectors more accessible. Consensual bargaining rounds, as in 1998, illustrate that actors can avoid defection despite weaker mediation but that this consensus probably will not prevail with the current mediation institutions and bargaining coalitions.

The analysis suggests – paraphrasing Thelen (2012: 147) – that bargaining coordination had to change to persevere. In Sweden, actors enacted a layering process (Thelen, 2009) in which the new dual mediation system reintroduced wage moderation and introduced flexibility while retaining principles of collectivism and voluntarism (Teague, 2009). The big question is whether this is a stable institutional design or whether the recurrent defections in the name of solidaristic wage policy will promote new ruptures like the one in 2011, when Teknikföretagen momentarily left Industriavtalet. In Denmark, it was a process of conversion (Thelen, 2009) of the existing institutions. Through linkage, mediation brings industry-level bargaining areas in line with the manufacturing norm. Moreover, with less control of wages and working time in multi-employer agreements, the content of coordination revolves around broader scope in agreements. Recent studies (Palier and Thelen, 2010; Howell and Givan, 2011; Busemeyer, 2012; Baccaro and How-

ell, 2011) have suggested that strong cross-class alliances in manufacturing can promote institutional change with dualisation in the labour market. This study suggests that the strong role of manufacturing in Denmark will probably promote greater wage inequality but that this is somewhat compensated by supply-side solidarity (Baccaro and Locke, 1998). Moreover, coordinative effect of mediation in Denmark makes it possible to promote this because all bargaining areas will be included. Conversely, in Sweden the name of the game for unions continues to be distributive solidarity with other bargaining areas trying to challenge manufacturing (Medlingsinstitutet, 2009).

The implication of this study is that the literature on institutional change and the welcome focus on incremental change through political coalitions (Thelen, 2012) need to pay closer attention (again) to the institutions of industrial relations. Busemeyer (2012) has recently argued that German employers are pivotal agents for institutional change due to their privileged role in the German polity. Similarly, collective bargaining institutions can put certain actors in privileged roles due to the institutional setting. Traxler (1996) has rightly argued that attention to statutory extension mechanisms and formal access to industrial action are key explanations for resilience of coordinated bargaining because they support multiemployer bargaining – even when union densities decline. Similarly, this study shows that institutional design of mediation institutions has had a significant effect on the processes and outcomes of bargaining coordination in Sweden and Denmark. In general, these institutions also influence whether unions or employers are pivotal actors of change. As a corollary, institutions should not be reduced to mere reflections of material interests, power resources or coalitions but should be treated as manmade constraints with path-dependent effects (Parson, 2007).

What will be the future for bargaining coordination in the two countries? In Sweden, the issue of defections in the name of solidaristic wage policies will continue to upset employers but the magnitude of defections might be so negligible that employers will grudgingly accept or 'throw a fit'[ix] like Teknikföretagen did in 2011 to bring unions into line. The alternative of complete decentralisation of wage bargaining to company level would probably lead to more conflicts – despite peace clauses – and pressure for wage increases. Swedish unions are still potent at the shop floor (Kjellberg, 2009). Also, there will be pushes by employers to loosen control in industry-level agreements but these negotiations will not necessarily be unidirectional. Indeed, many bargaining areas have oscillated between more and less control of wages (Medlingsinstitutet, 2012). In Denmark, there seems to be consensus about the bargaining system. The 'losers' of pattern bargaining are low-skilled workers that are not ensured wage increases in local bargaining, perhaps leading to dualisation. Echoing Rawls' maximin strategy, their conclusion seems to be that they will be better off overall with linkage and uniform cost increases together with supply-side

solidarity (Baccaro and Locke, 1998; Rawls, 1971). Moreover, the loss of self-regulation that linkage entails has only half-heartedly been opposed. In sum, the balance in Denmark tilts towards wage moderation and flexibility with some loss of collectivism on wages and loss of voluntarism. Conversely, the balance in Sweden is somewhat murky with reintroduction of wage moderation and some flexibility while collectivism and voluntarism are continuously being defended.

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Paper 2:

IN SEARCH OF CONTROL: CONCILIATION, MEDIATION AND ARBITRATION IN COLLECTIVE BARGAINING OF WESTERN EUROPE

Christian Lyhne Ibsen

Abstract

Across the Western advanced industrial democracies, third-party intervention into conflicts of interests between organised actors of the labour market has been a cornerstone in procuring labour market peace in industrial economies throughout the 20th century and into the present. Each country has developed particular systems of third-party intervention – understood as conciliation, mediation and arbitration (CMA) – which have varying capabilities to intervene into collective bargaining. This has gone largely unnoticed in comparative research on collective bargaining systems. The purpose of the paper is to explain strong third-party intervention across 17 Western European countries using the fuzzy-set qualitative comparative analysis (fsQCA) method. It looks at the formal strength of CMAs and attempts to deduce explanatory paths to strong CMA in collective bargaining. Two hypotheses are considered and extended: the neo-corporatist hypothesis by Elvander that low governance capacity by unions is related to strong CMA, and the legal-tradition hypothesis by Valdés Dal-Ré that normal civil courts in labour matters are related to strong CMA. The analysis shows two causal paths to strong CMA: the Nordic and the Mediterranean. The former combines high union power, high governance capacity and absence of civil courts. The latter combines low governance capacity, high union power and weak regulation of industrial action. None of the conditions were consistently necessary for strong CMA, although high union power is present in both causal paths. This supports the neo-corporatist hypothesis by Elvander while we do not find support for Valdés Dal-Ré's hypothesis. Looking closer at deviant cases and the Nordic path, it is suggested that control over collective bargaining – and not legal tradition – is the main mechanism behind strong CMA.

INTRODUCTION

Given the current labour market crisis in Europe, collective bargaining mechanisms that foster agreement seem more important than ever. Across the European continent, third-party intervention into collective bargaining has been a cornerstone in fostering agreements and peace between capital and labour. Each country has in some way institutionalised voluntary or mandatory measures for conciliation, mediation or arbitration (CMA) to help parties of collective bargaining overcome stalemates by exchanging information and bids, putting pressure on them, thinking alternatively and proposing or awarding settlements. In this way, CMA constitutes a vital part of the collective bargaining machinery, which – despite eroding tendencies – still regulates over sixty percent of the labour market in Europe (Commission, 2012). It is therefore surprising that relatively few studies have investigated CMA comparatively. Often it is shelved as a second-order institution overshadowed by more spectacular phenomena such as 'generalised exchange' (e.g. Marin, 1990), social pacts, bargaining centralisation and concentration (e.g. Traxler, 2004). Indeed, there are many single-case country studies that are usually by labour law scholars but remain descriptive (see Valdés Dal-Ré, 2003 for an overview). As a corollary, there is little theorisation about different institutional designs of CMA across Europe (Valdés Dal-Ré (2003); Stokke (1998) and Elvander (2002) are recent exceptions).

This article argues that CMA is pivotal to collective bargaining as institutions for dispute resolution (cf. Due et al., 1994; Stokke, 1998). Moreover, it is shown that European countries have bestowed very different powers to CMA and that this constitutes both an empirical and a theoretical puzzle that has not yet been investigated systematically and comparatively. All over Europe, CMA is a more or less important element in dispute resolution systems for collective bargaining (Valdés Dal-Ré, 2003). Some countries have rather old institutions for CMA, like Denmark (*forligsinstitutionen*) and the UK (*Advisory, Conciliation and Arbitration Service*), while other countries, such as Greece (*Organismós Mesolávisis Ke Dietisías*), have only recently established real CMA institutions. Yet other countries, like Sweden, have recently reformed their institutions (*Medlingsinstitutet*). At the supra-national level, both the European Union and the ILO have promoted CMA as a flexible alternative to costly labour conflicts that will not undermine the autonomy of social partners (ILO, 2007). Thus, in both collective and individual labour dispute resolution, alternatives to judicial processes are being institutionalised across Europe.

The purpose of this article is thus to remedy the omission of CMA from comparative political studies and try to explain the strength of CMA as a third-party intervention into private sector collective bargaining across seventeen Western European countries. We use fuzzy-set qualitative comparative analysis (fsQCA), which allows for systematic comparison of cases in the search for necessary and/or sufficient conditions for strong CMA in collective bargaining. The structure of

the article is as follows. The first section presents the concept of CMA and two hypotheses regarding strong CMAs. Four conditions are included to explain strong CMA. The second section outlines the research methods and data selection. The third section contains the empirical analysis, in which we use fsQCA to search for necessary and/or sufficient conditions for strong CMA. The fourth section discusses the empirical findings by looking more closely at cases. Finally, we conclude and draw implications of the study for future research.

TWO HYPOTHESES ABOUT STRONG CMA

Georg Simmel was one of the first social scientists to treat third-party intervention in his famous accounts on going from dyads to triads (Simmel, 1904). In Simmel's account a triad would not be a stable social constellation/form unless the third party was neutral – like a mediator between two conflicting parties. The mediator's function was thus one of peacemaking by facilitating linkages, information-sharing and bringing objectivity into conflict. From a societal point of view, there is a lot to gain from strong and effective CMA. First, costly labour conflict can be averted without loss of bargaining autonomy because collective bargaining is retained as the regulatory process. Second, costly litigation and lawyer fees can be avoided since CMA does not entail legal processes but are extensions of negotiations. Third, by retaining bargaining autonomy, both procedural and substantive legitimacy of settlements might be increased (Scharpf, 1997). Based on this view, strong and effective CMA should be pervasive in Western Europe due to the extensive use of collective bargaining as a regulatory process.

How do we study this? The strength of CMA pertains to force of the intervention into bargaining and can be conceptualised formally on two dimensions (Stokke, 1998). First, is third-party intervention voluntary or compulsory? Obviously, voluntary arrangements are weaker than compulsory arrangements. Second, what is the nature of the intervention? Conciliation refers to activities that are involved in bringing parties to the table, typically at a bargaining impasse. Conciliatory activities include, for example, information sharing, deliberation and persuasion. Mediation also consists of these activities, but here the third party is able to propose settlements that parties should decide on. Finally, arbitration involves the possibility of making binding awards to the parties, i.e. giving the third party real decision-making power. Formal strength is weakest for conciliation and strongest for arbitration, while mediation takes the middle ground.

Table 1: Strong CMA

	Agreement a result of parties w. third-party help	Agreement a result of proposal by third party	Agreement a result of third-party decision
Voluntary	Voluntary conciliation	Voluntary mediation	Voluntary arbitration
Compulsory	Compulsory conciliation	Compulsory mediation	Compulsory arbitration

Adding to these two dimensions are the capabilities given to conciliators and mediators[x]. The first is the capability to extend the bargaining process, either through a cooling-off period during which no industrial action is allowed (e.g. Italy) or as an extension of the notices given for industrial action (e.g. Scandinavian countries) (Jacobs, 1993). The main function of this capability is to give the parties more time to reach an agreement but also to short-circuit threats of industrial action that might impede advances in the bargaining process (Kerr, 1954). Also, some third parties are allowed to make new attempts at conciliation or mediation if the first attempts resulted in industrial action. Finally, interventions can be formally biased towards certain resolutions, e.g. aims to defend competitiveness, curb wage increases, support the weak side of labour (or employers) or split even. Clearly, these formal capabilities are not conceptually exhaustive of CMA, being a human activity with idiosyncrasies, styles and techniques that are, however, beyond the scope of this study.

How do we explain formal strength of CMA? The works by Elvander (1974) and Valdés Dal-Ré (2003) bring forth two different hypotheses that can be tested in comparative analysis. In a comparative study of Sweden and Denmark, Elvander (1974) found strong CMA when unions are uncoordinated or otherwise lacking governance capability in collective bargaining – a neo-corporatist logic (Lembruch and Schmitter, 1982). Vertical coordination usually refers to intra-industry relations of bargaining between different levels from confederate level, federate level and local/regional level to shop stewards. Low vertical coordination due to absence of compliance mechanisms will render higher-level decisions less effective (Traxler, 2004). Horizontal coordination refers to inter-industry relations of bargaining. Coordination across unions representing different industries is often seen as key to avoiding unstable industrial relations environments where agreements in one industry can produce counter claims and compensatory bargaining in another due to wage differentials. Thus, Elvander shows that strong CMA is instrumental in solving collective action problems in bargaining models (Traxler, 2004). While Stokke (1998) corroborated Elvander's finding in a comparative study of Norway, Sweden and Denmark, the question remains whether this explanation is accurate and whether it can be generalised outside Scandinavia.

Valdés Dal-Ré's alternative explanation for strong CMA is based on the legal tradition in a country – an argument akin to the legal origin thesis on labour regulation (Botero et al., 2004)

but not concerned with economic outcomes. Accordingly, strong CMA originates from a legal tradition of labour court systems. Valdés Dal-Ré (2003) poses two interlinked hypotheses. We should expect strong CMA when 1) no special priority is given to industrial courts or labour courts vis-à-vis normal civil/common law courts and 2) social partners are not significantly involved in the labour court system. Valdés Dal-Ré thus prioritises the labour law tradition of countries in explaining CMA. Underlying the two hypotheses is the familiar concept of voluntarism in industrial relations (Crouch, 1993). If there is a tradition for specialised industrial/labour courts with representation of social partners, i.e. high degree of self-regulation, then the legal tradition for strong intervention into collective bargaining should accordingly be weak and vice versa[xi]. Thus, there is familiarity with Elvander's stress on governance, but the causal mechanism is not about the control over the (potential) magnitude of industrial action but on the legal tradition in a country which is of a different nature and origin[xii] (Crouch, 1993).

We would argue that two conditions should be added these hypotheses. First, development of strong CMA should occur where collective bargaining in general and the threat of work stoppages specifically have attained sufficient importance in a country, i.e. where unions are powerful. We should accordingly expect strong CMA when union density and bargaining coverage is high[xiii]. Unions primarily – but not exclusively – derive their power in collective bargaining from the capacity to withdraw labour from the workplaces, i.e. industrial action. In order to do so, they need members that are willing to stop working. In a similar vein, membership is the primary source of union legitimacy in collective bargaining as it can be taken as a sign of representativeness. In addition, bargaining coverage tells us the weight of collective bargaining in an economy and therefore the scope of industrial action across industries and sectors. In France, which is a notable exception because the French state recognises trade unions as representative, *erga omnes* provisions exist to increase coverage (Traxler, 2004). Sure enough, it is not the exercised strike that constitutes union power but the threat thereof.

Second, if the access of social partners to industrial action is severely limited, then there is no need for strong CMA. Conversely, if there is liberal access to engage in industrial action, strong third-party intervention to prevent conflicts of interest from developing into work stoppages should be expected. The statutory/bilateral regulation[xiv] of industrial action both constrains and enables collective work stoppages, the strike and the lock-out being the best-known examples. Most notably, the peace obligation during the duration of a signed collective agreement suspends the right to industrial action and typically refers conflict resolution to labour courts as conflicts of rights (Valdés Dal-Ré, 2003). In addition, some countries restrict industrial action by procedural requirements regarding ballots among workers on the decision to go on strike. In the UK for example, balloting procedures together with the use of injunctions has severely restricted

union access to strikes (Dickens and Hall, 2003). Moreover, some countries require that the appropriate authorities, e.g. CMA institutions and/or the bargaining counterpart with certain mandatory notice periods, be notified of industrial action. Legal industrial action can also mean different things in different countries as certain practices are allowed or disallowed, e.g. political strikes, picketing, boycotts, blockades etc. (Warneck, 2007). Thus, the fewer types of actions allowed, the more restrictive the regulation of engaging in industrial action.

Table 2: Conditions and set-relationships to outcome

Conditions		**Directional expectation**	**Condition ⟶ Outcome**
GOVCAP	Low governance capacity 'Elvander' hypothesis	Substitutability	govcap ⟶ CMA
UNPOW	Strong unions	Compatibility	UNPOW ⟶ CMA
REGIND	Weak regulation of industrial action	Substitutability	regind ⟶ CMA
COURT	Normal civil court system 'Valdés Dal-Ré' hypothesis	Compatibility	COURT ⟶ CMA

Note: Uppercase letters signify presence of condition, while lowercase letters signify absence.

Table 2 summarises the conditions and hypothesised relations to strong CMA. Accordingly, we would not expect legal tradition or lack of governance capability to be related to strong CMA in the absence of powerful unions. Nor would we expect legal tradition or lack of governance capability to be related to strong CMA if regulation of industrial action is very strict.

The omission of three conditions needs mentioning. First, higher levels of industrial conflict should lead to strong CMA. After all, this is the logic inherent in union power. The argument could also be reversed, however, as strong CMA might have a calming effect on strike levels, thereby confounding the relationship. Moreover, the quality and comparability of strike data is questionable, building on the different definitions, reporting and monitoring of strikes in different countries. Second, dominance of left-wing parties could also have been included based on the logic that left-wing parties would favour weak CMA supportive of voluntarist collective bargaining (e.g. Sweden). Historical evidence, however, does not necessarily support this hypothesis, with many Social Democratic governments opting for strong state intervention in collective bargaining – often in generalised political exchanges (Marin, 1990; Elvander, 1974). Finally, the existence of independent central banks and anti-inflationary economic policies could have a disciplining effect on the wage-bargaining nexus away from wage-push inflation and industrial unrest of the past (Iversen, 1999). Absence of independent central banks and anti-inflationary economic policies on social partners in bargaining could thus be other explanations for strong CMA.

However, as Hassel (2006) has shown, monetarism did not render control over collective bargaining redundant.

METHODS AND DATA

The focus in this article is on CMA institutions for intervention into conflicts of rights in collective bargaining, – that is, not conflicts of rights which normally pertain to court systems (Valdés Dal-Ré, 2003). The focus is on institutions in the private sector since regulation of public sector collective bargaining is often restricted in various ways, adding to an already complex comparative analysis (Stokke, 1998). Seventeen Western European countries (EU-15 plus Switzerland and Norway) are included in the analysis. This means that other advanced Western democracies such the US, Australia, New Zealand and Canada – all likely candidates to this universe of cases – have been omitted. In general, there is much evidence to suggest that European countries share important historical and cultural backgrounds that warrant comparison of these countries exclusively (Crouch, 1993). This is especially true for industrial relations, where trade unions have gained a prominent role in the political economy, not just as workers representations at company level as in the US.

We view the theoretical framework presented above in terms of set-relations, searching for sufficiency and necessity for strong CMA (Ragin, 2008). For example, if low governance capability is a sufficient condition for strong CMA, then all cases with low governance capability should also have strong CMA. Alternatively, if low governance capability is a necessary condition for strong CMA, then all cases with strong CMA should also have low governance capability. The fsQCA was chosen for three reasons. First, the theoretical arguments are based on conjunctural causation. For example, we do not expect low governance capability to be sufficient for strong CMA in the absence of high union power/bargaining coverage. FsQCA allows for conjunctural causation in mid-sized N studies that would not be possible with interaction terms in conventional statistical analysis (Schneider and Wagemann, 2012). Second, it is very possible that more than one condition or combination of conditions is sufficient for strong CMA, e.g. both hypotheses could be right. FsQCA allows for equifinality, whereas with conventional statistical analysis we would get net effects of the given independent variables. Third, we don't expect causal symmetry, i.e. that the conditions explaining strong CMA can be inversed to explain weak CMA. Such an analysis might require a whole different set of conditions. Taken together with the lack of temporal variation in institutions for CMA and the relatively small sample compared to explanatory conditions, fsQCA was preferred to conventional statistical analysis (see Davidsson and Emmenegger, 2013).

FsQCA operates with fuzzy membership scores in the given conditions and outcome. In traditional 'crisp sets', cases are either fully in (=1) or fully out (=0) of a set, e.g. countries with strong CMA. With fuzzy sets, membership scores can vary in degrees of membership between 1 and 0, with 0.5 as a qualitative anchor (threshold) for cases that are neither in nor out of a set, i.e. complete fuzziness (Ragin, 2008). For this analysis, fuzzy-set membership scores for all seventeen countries have been calibrated on the four conditions and the outcome. In the following section we briefly present the calibration procedures and data used for each condition and the outcome (raw data and calibrations can be seen in the appendix data sheet).

Governance capability (GOVCAP) is based on two qualitative measures. The first relates to the concentration and centralisation of trade unions at both confederate and federate union levels. The centralisation index developed by Iversen (1999) and updated and reported in Visser (2011) measures both the vertical and horizontal concentration and authority in the union movement (ranging from 0–1). These are combined in a weighted average with a special indicator of confederate and federate veto power over decisions to go on strike, arguably an important measure for the Elvander hypothesis. The second measure is the wage coordination index (ranging from 1–5), also taken from Visser (2011). The indicator ranges from economy-wide bargaining to fragmented company bargaining or no bargaining at all. Indicators of wage coordination are helpful in measuring the degree of fragmentation. Moreover, since union fragmentation correlates strongly with employer fragmentation, we only need indicators for organisational fragmentation of unions (Martin and Swank, 2008). A weighted average score is calculated between the two with qualitative fuzzy-set thresholds.

Union power (UNPOW) is a weighted average of two quantitative measures (Visser, 2011). The first is the weighted average of overall union density with private sector union density, taken from Visser (2011). The second indicator is bargaining coverage in the private sector, also taken from Visser (2011). Where private sector figures were not available, the general coverage has been used. Where both are available, the average has been used.

Regulation of industrial action (REGIND) is based on leximetric analysis on the presence or absence of various formal measures restricting industrial action. The most important is the presence of peace obligations during the duration of collective agreements. Moreover, we have calibrated the range of actions allowed during labour conflicts pertaining to collective bargaining. Cross-national studies by Warneck (2007), Jacobs (1993b) and EIRO (2006) were used as well as a host of national sources to corroborate the comparative studies (EIRO, 2006). A weighted average of the various regulatory measures is then calculated for each country. Legal tradition (COURT) is also based on leximetric analysis of labour court systems concerning the two aspects presented by Valdés Dal-Ré: the role of specialised industrial/labour courts vis-à-vis nor-

mal courts and the involvement of social partner representatives in labour courts. The latter logically follows the former as representation is of secondary concern if specialised courts do not play an important role. In order to pass the 0.5 threshold, normal courts must have a privileged role (which they normally do not have in Western European labour market regulation). We have used data from the European Association of Labour Court Judges (EALCJ, 2013) and national expert accounts from EIRO/EMIRE (EIRO, 2013).

Calibration of fuzzy-set scores of strong CMA – the outcome – is based on the formal rules for third-party intervention into collective bargaining. Calibration is based on national expert sources and comparative studies. We use the European Commission project on CMA edited by Valdés Dal-Ré (2003), an earlier Commission project by Jacobs (1993b) and the EIRO comparative study (2006) of third-party intervention to calibrate. Three dimensions are calibrated. The first is whether a country has arbitration (the strongest variant), mediation (the intermediate) or conciliation (the weakest). The second is whether the intervention is mandatory or voluntary. The third is which competencies mediators and conciliators have at their disposal. Some countries have a mix of arbitration, mediation and conciliation, in which cases the strongest form prevails. To avoid naïve formalistic calibration, the national expert accounts also contain information about 'dead letter' CMA systems that are never used, in which case the fuzzy score is calibrated accordingly.

EMPIRICAL ANALYSIS

In the raw data table below, the calibrated fuzzy-set membership scores are reported for the 17 countries. Reading from left to right, the four conditions are reported in the first four columns and the outcome in the last column. As we are dealing with four conditions, we have 16 logically possible rows (2^4 = 16) based on absence and presence of a condition. Ragin (2008) notes that there is a correspondence between the rows of truth tables and the corners of the vector space defined by fuzzy sets. This basically means that the four conditions create a four-dimensional *'property space'* in which cases are assigned positions according to their fuzzy scores and that each corner of this space constitutes 1 and 0, respectively, for each condition. Assigning set membership scores, we find the corner to which a case belongs the most, i.e. whether the score is above 0.5 or not. The rows can therefore be understood as Weberian *'ideal types'* (Ragin, 2008). Logically, a case can only have a membership score above 0.5 in one row or one ideal type.

Table 3: Fuzzy-set scores for seventeen countries

	GOVCAP	UNPOW	REGIND	COURT	CMA
Germany	0.43	0.63	0.61	0	0.16
Austria	0.98	0.89	0.63	0.8	0.32
Switzerland	0.33	0.32	0.75	0.2	0.64
Netherlands	0.71	0.71	0.63	1	0.2
Belgium	0.4	0.91	0.17	0.4	0.68
Luxembourg	0.14	0.61	0.41	0.2	0.68
France	0.1	0.7	0.22	0	0.4
Italy	0.25	0.8	0.3	0.6	0.68
Greece	0.31	0.59	0.16	1	0.8
Portugal	0.24	0.59	0.33	0.8	0.8
Spain	0.31	0.63	0.43	0.6	1
Great Britain	0	0.21	0.67	0	0.2
Ireland	0.27	0.47	0.56	0	0.4
Sweden	0.8	0.93	0.44	0	0.76
Denmark	0.61	0.9	0.81	0	1
Finland	0.80	0.94	0.59	0	0.72
Norway	0.88	0.74	0.76	0	1

We see that 11 countries out of 17 have strong CMAs, i.e. they have set membership scores in CMA above 0.5. Furthermore, looking at fuzzy-set scores in conditions, the countries at a glance seem to cluster around the ideal-typical typology that differentiates between the Nordic, Continental, Anglo-Saxon and Mediterranean models (Crouch, 1993). Denmark, Finland, Norway and Sweden have similar scores when it comes to union power, governance capacity (except Finland), strong regulation of industrial action (except Sweden) and specialised court systems. All Nordic countries have strong CMAs. The Continental countries – usually regarded as Germany, Austria, Switzerland and the Benelux countries – are, however, rather heterogeneous in both conditions and outcome. The Anglo-Saxon countries – UK and Ireland – have relatively weak union power, low governance capacity, strong regulation of industrial action (although Ireland is rather 'fuzzy') and specialised labour courts together with weak CMA. Finally, the Mediterranean countries share high union power but low governance capacity, and weak regulation of industrial action together with no specialised courts should yield strong CMAs according to our hypotheses. Indeed, all Mediterranean countries have strong CMAs, except France.

The next step in the analysis is the search for necessary conditions for strong CMA. Consistency of a necessary condition is given by the degree to which each case's membership in the condition is equal to or greater than their membership in the outcome (Ragin, 2008). In accordance with the conventions proposed by Schneider and Wagemann (2012: 143), we set the threshold for consistency of necessity to 0.9. We also consider potential trivialness of necessary condi-

tions and treat each condition (and its negation) independently. The fsQCA 2.5 software tests for necessity yield the results in the below table.

Table 4: Test for necessity

Conditions	Consistency	Coverage
GOVCAP	0.574713	0.793651
govcap	0.673372	0.744703
UNPOW	0.852490	0.769231
unpow	0.418582	0.804788
REGIND	0.626437	0.772137
regind	0.701149	0.858148
COURT	0.394636	0.735714
court	0.743295	0.680702

Table 4 shows that none of the conditions (or their negations) passes the 0.9 threshold for necessity. Union power, however, comes close with a 0.85 consistency and a 0.77 coverage and is worth considering. On closer inspection, seven countries have lower memberships in the condition than in the outcome, thus violating the set-theoretic requirement for necessity. Moreover, we conducted an analysis of necessary conditions for the absence of strong CMA, and union power also has high consistency here. This would suggest that we are dealing with a trivial necessary condition, i.e. a condition that is present regardless of the outcome (Schneider and Wagemann, 2012). For example, Austria, Germany and the Netherlands have high membership in high union power but weak CMA. We therefore conclude that none of the conditions are necessary for the outcome and proceed to test for sufficiency.

Table 5: Truth table (standard analysis for sufficiency)

GOVCAP	UNPOW	REGIND	COURT	No. of cases	Cases/ remainders	Consistency
0	1	0	1	4	Italy, Greece, Portugal, Spain	0.973988
0	0	1	0	3	Switzerland, UK, Ireland	0.794118
0	1	0	0	3	Belgium, Luxembourg, France	0.881874
1	1	1	0	3	Denmark, Finland, Norway	0.943396
1	1	1	1	2	Austria, Netherlands	0.728938
0	1	1	0	1	Germany	0.883333
1	1	0	0	1	Sweden	0.941176
0	0	0	0	0	Logical remainder	0.885196
0	0	0	1	0	Logical remainder	0.958904
0	0	1	1	0	Logical remainder	0.951613
0	1	1	1	0	Logical remainder	0.957143
1	0	0	0	0	Clustered remainder	0.916335
1	0	0	1	0	Clustered remainder	0.952381
1	0	1	0	0	Clustered remainder	0.91954
1	0	1	1	0	Clustered remainder	0.948276
1	1	0	1	0	Logical remainder	0.915058

Table 5 above shows a so-called truth table in which each row represents the each logical combination of conditions, that is, 2^4 = 16 rows. We find that there are nine logical remainders; i.e. no cases 'belong' to these rows. Four out of these, however, are 'clustered remainders' (Schneider and Wagemann, 2012: 154), i.e. combinations that we know do not exist in reality and can be excluded for logical minimisation. Combinations of high governance capacity and low union power can *per definition* not exist since governance capacity is built around high bargaining coverage (Traxler, 2004). It is possible, on the other hand, to have low governance capacity and high union power. Three solutions are produced by logical minimisation in the fsQCA 2.5 software: the complex solution (no counterfactuals used), the intermediate solution (using only easy counterfactuals) and the most parsimonious solution (both easy and difficult counterfactuals used). In accordance with standard fsQCA practice, only easy counterfactuals are used in the intermediate solution, when we have directional expectations about a condition and its set relation to an outcome (Schneider and Wagemann, 2012). The directional expectations can be seen in table 2.

Following standard practice, the cut-off consistency has been set to 0.8 (Ragin, 2008). Two rows, however, contain logical contradictions. In the combination

govcap*UNPOW*regind*court, which contains Belgium, France and Luxembourg, France is the only country with weak CMA. The row is nevertheless included in the logical minimisation as having strong CMA due to the relatively high consistency of 0.89. Instead, we will discuss France as a deviant case for reasons given below. The combination govcap*unpow*REGIND*court, which contains Switzerland, the UK and Ireland, is also contradictory in that Switzerland has a strong CMA while the Anglo-Saxon countries do not. Following a conservative strategy, this row has not been included for logical minimisation, even though its consistency is close to 0.8. Switzerland will be considered below. Finally, govcap*UNPOW*REGIND*court contains Germany but has a high consistency. As Germany does not have a strong CMA, it was not included for logical minimisation according to standard practice for handling simultaneous subset relations (Schneider and Wagemann, 2012: 243). The logical minimisation using easy counterfactuals in line with directional expectations produces two causal paths to strong CMA, as seen in the table below. The complex and intermediate solutions are identical while the parsimonious solution differs in a few ways[xv]. We focus on the former in line with the suggestion to use only easy counterfactuals.

Table 6: Complex/intermediate solution

	Raw coverage	Unique coverage	Consistency	Cases covered
court*UNPOW*GOVCAP	0.496168	0.227012	0.929982	Sweden, Finland, Denmark & Norway
regind*UNPOW*govcap	0.570881	0.301724	0.896241	France, Italy, Belgium, Luxembourg, Greece, Portugal & Spain
Solution coverage: 0.797893				
Solution consistency: 0.907407				
Uncovered cases with strong CMA: Switzerland				

The solution consistency is highly satisfactory – above 0.9 – while the coverage is also satisfactory at 0.8. Only the first causal path includes court systems, but contrary to expectations it is in the absence of normal court systems, i.e. when specialised courts prevail, that strong CMA exists. And it is only in combination with strong union power and high governance capacity that absence of normal courts is a condition for strong CMA. Also surprisingly, i.e. contrary to Elvander's hypothesis, this path includes strong governance capacity. On the other hand, the second causal path – low governance capacity, high union power and weak regulation of industrial action –fits well with the extended Elvander hypothesis. We see that low governance capacity is a sufficient condition for strong CMA but only in combination with strong union power and weak strike rules. Therefore, Elvander's original contribution is nuanced by the analysis. Union power is present in both paths but as noted above, we do not consider it a truly necessary condition. The results seem to disconfirm Valdés Dal-Ré's hypothesis

On closer inspection, the cases seem to cluster geographically around the causal paths. The first path – the Nordic – includes Finland, Sweden, Denmark and Norway; i.e. all these countries have membership scores in this combination of conditions of above 0.5. The second path – the Mediterranean – includes France, Italy, Spain, Greece, Portugal, Luxembourg and Belgium. France is a deviant case for consistency as it has weak CMA. Moreover, we can see that Belgium and Luxembourg are geographically 'off'. Surprisingly, the extended Elvander hypothesis fits better to Mediterranean countries than to the Nordic countries on which the hypothesis was originally formulated. The two causal paths explain 10 out of the 11 cases with strong CMA – all but Switzerland, which is a deviating case for coverage, or a false positive – according to our theoretical expectations (Schneider and Wagemann, 2012: 308-309).

We also want to check the robustness of the solution. A solution is robust if the changes made do not dramatically change solution terms/paths or their consistency and coverage levels. It is also robust if new solution terms/paths are in subset relationships to the original solution terms/paths (Schneider and Wagemann, 2012: 285). Two procedures are recommended for checking robustness in fsQCA. First, recalibration of cases helps to see whether the solution will be affected by changes in membership scores. As fuzzy-set thresholds are inherently qualitative,

recalibration will detect whether the solution is robust to withstand alternative qualitative thresholds, e.g. changing the 0.5 threshold. Second, changing the frequency and consistency threshold for inclusion in logical minimisation will help to see whether a different inclusion procedure affects solutions. We only recalibrated and changed the consistency level since changing frequency levels is not advisable given the sample size of 17 countries; i.e. too much diversity compared to the sample size would be lost. The effects of recalibrations and the new consistency level for inclusion are reported in the table below.

Table 7: Robustness test

Recalibration	New solution terms	Comment on robustness
UNPOW: Germany from 0.63 to 0.49; France from 0.7 to 0.49 (due to recent erosion of union power)	court*UNPOW regind*UNPOW*govcap Solution coverage: 0.83 Solution consistency: 0.90	Mediterranean path identical. Nordic path is changed to exclude high governance capacity. Still a superset of original Nordic path. Unique coverage of Nordic path increased by 0.03, which is irrelevant. Consistency of path drops by 0.007, which is also irrelevant.
UNPOW: Greece and Portugal from 0.59 to 0.49. Spain from 0.63 to 0.49 (due to low union density)	court*UNPOW*GOVCAP COURT*regind*govcap court*regind*UNPOW Solution coverage: 0.81 Solution consistency: 0.91	Nordic path identical. Mediterranean path is changed to exclude union power but include normal court system. Supports Valdés Dal-Ré's hypothesis. Problematic for robustness. New path added: ~court*~regind*unpow – covers France, Belgium, Luxembourg and Sweden. Problematic for robustness
Regind: Sweden from 0.44 to 0.51 (due to existence of peace clause)	court*UNPOW*GOVCAP regind*UNPOW*govcap Solution coverage: 0.80 Solution consistency: 0.91	Unproblematic
Regind: Finland from 0.59 to 0.49 (due to similarity with Swedish conflict regulation)	court*UNPOW*GOVCAP regind*UNPOW*govcap Solution coverage: 0.80 Solution consistency: 0.91	Unproblematic
CMA: Spain from 1 to 0.49 (due to limited use of CMA in practice)	court*UNPOW*GOVCAP regind*UNPOW*govcap Solution coverage: 0.83 Solution consistency: 0.90	Unproblematic
CMA: Switzerland from 0.64 to 0.49 (due to theoretical expectations)	court*UNPOW*GOVCAP regind*UNPOW*govcap Solution coverage: 0.80 Solution consistency: 0.91	Unproblematic

We conducted six separate recalibrations in accordance with data and substantive knowledge about the cases. Effects of recalibrations are modest, suggesting a robust solution. Two recalibrations, however, yielded different solution terms worth commenting on. Due to recent decades of declining union power in Germany and France, these cases were recalibrated to 0.49, i.e. more out than in strong union power (Visser, 2011). This changed the Nordic path to exclude high governance capacity, thus becoming court*UNPOW, which, however, is a superset of the original path. The changes to solution consistency and coverage are moreover too small to be relevant. In sum, the original solution was robust to this change. We also changed the union power of Greece, Portugal and Spain to 0.49 due to their low union densities. The Nordic path was identical, but the Mediterranean path now excludes union power while including COURT, thus supporting the Valdés Dal-Ré hypothesis. Moreover, a new path to strong CMA appears – court*regind*UNPOW – which covers France, Belgium, Luxembourg and Sweden. The subset relations between original and new solutions are not clear, which indicates that the original solution is not robust to recalibration of union power in the Mediterranean cases. The crucial qualitative judgment becomes whether unions are deemed powerful because of bargaining coverage through extension mechanisms or because of union membership (Traxler, 2004). If one opts for the former, then Mediterranean countries should be calibrated above 0.5; if the latter, then they should be calibrated below 0.5. Given the mobilisation capacity of Mediterranean unions (Ferner and Hyman, 1998) – also of non-members – the former seems tenable.

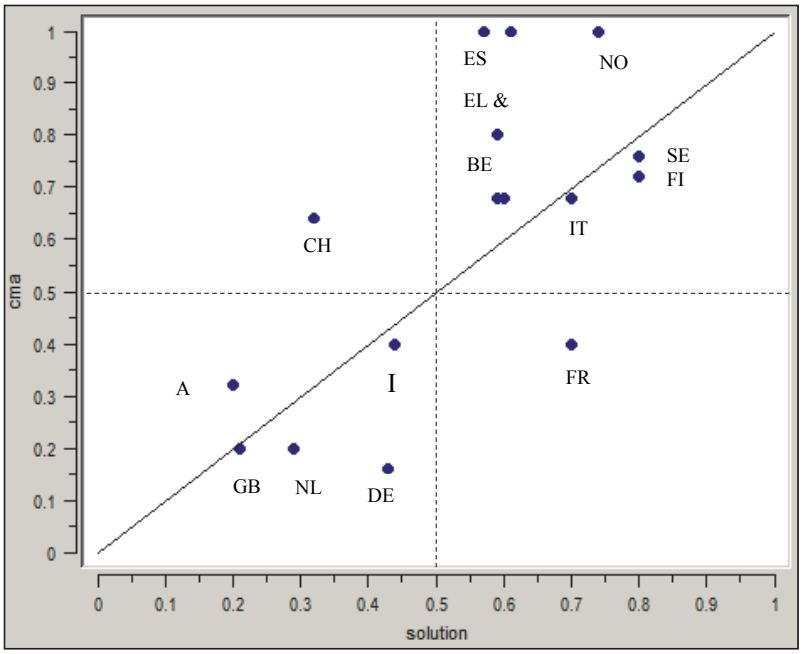
We also changed the consistency level to 0.9 for inclusion in logical minimisation. The Nordic path is identical while the Mediterranean path now includes court, in accordance with Valdés Dal-Ré's hypothesis. The new path only covers Italy, Greece, Portugal and Spain. The added value of a higher consistency threshold is naturally a 'cleaner' solution, understood as a high consistency of 0.94. In return, coverage is reduced to 0.67 as strong CMA in Belgium and Luxembourg is left uncovered while Switzerland remains uncovered. This begs the question whether a Continental path to strong CMA exists that is not covered by the conditions included in this analysis. Altogether, however, the effects of changing consistency level are not severe for the robustness of the original solution as the new paths are in subset relations to the original solution.

DISCUSSION OF FINDINGS

The following discussion will take a closer look at the cases and the mechanisms behind causal paths. We will first discuss deviant cases and then the possibilities of fusing the two paths

through within-case analysis of mechanisms behind relationships between conditions and outcome.

Figure 1: XY scatter plot of solution and outcome



The XY scatter plot above depicts the set-relations between solution (X) and outcome (Y). Sufficiency is established when membership in the condition(s) is equal to or smaller than membership in the outcome; i.e. cases should stay above or on the diagonal in the scatter plot. In accordance with Schneider and Wagemann (2012: 308-10) we can identify deviant cases for consistency (the southeast quadrant) and deviant cases for coverage (the northwest quadrant). Most cases do in fact stay above and close to the diagonal, although there are a few near misses and two truly deviant cases: France and Switzerland. France is a deviant case for consistency and should be compared with so-called typical cases, e.g. Spain or Italy, to establish which omitted conditions might explain why France has a high membership in the causal path regind*UNPOW*govcap but low membership in the outcome. Switzerland, on the other hand, is a deviant case for coverage and should be compared to irrelevant cases, e.g. Netherlands and the UK, to see which omitted conditions might explain Switzerland's strong CMA.

Rojot et al. (2005) give a threefold explanation of weak CMA in France. First, the prud'hommes system already includes conciliation procedures, making strong CMA seem re-

dundant. Second, French law prohibits any contractual clauses specifying use of CMA that impede the individual right to strike. Third, state labour inspectors can advise and conciliate in order to prevent collective disputes from arising in the first place (Rojot et al., 2005). In contrast, the Mediterranean countries have set up CMA in a post-fascist attempt to 'democratise' collective bargaining and interest politics from its past (Valdés Dal-Ré, 2003; Lanza and Lavdas, 2000). Moreover, recent reforms of CMA in Portugal and Greece were clearly aimed at curbing industrial unrest and possible wage developments in relation to EMU accession (EIRO, 2006).

Switzerland can be compared to the Netherlands. In 1937, the Swiss tradition for consensual industrial relations was institutionalised with an agreement for the engineering and watch industry. The agreement included a multi-stage mediation system and possibility of compulsory arbitration reflecting the commitment to avoiding industrial unrest (Oesch, 2011). As Oesch remarks, unions and collective bargaining – although relatively weak – were tolerated as long as they contributed to peaceful relations and as implementers of social and labour market policies. By contrast, the Netherlands since 1950 had an established tradition of corporatist control of wage settlements, most notably through the Social-Economic Council and Foundation of Labour – institutions for tripartite interest mediation which made strong CMA redundant (Visser, 1998).

The two exponents of liberal vs. coordinated market economies merit mentioning (Hall and Soskice, 2001). In Great Britain, the historical tradition of voluntarism and gentlemen's agreements between union and employers seem to preclude any strong third-party intervention[xvi]. When industrial dispute was at a highpoint in the 1970s, the Thatcher government went for stronger regulation of industrial action instead of strengthening CMA, which supports collective bargaining instead of undermining it (Kilpatrick, 2003; Dickens and Hall, 2003). Also interesting is Germany's weak CMA, which can be contrasted with the strong CMA of Scandinavian countries, all building on voluntarist self-regulation and a coordinated market economy (Zachert, 2003). Germany actually had compulsory system of state arbitration during the Weimar Republic, but this was replaced by the weak CMA of today (Jacobi et al., 1998: 216). The traumas of the Weimar Republic most likely deterred German policymakers from suggesting strong intervention into collective bargaining despite situations of industrial unrest, economic crisis and low governance capacity (Zachert, 2003: 178). Conversely, strong CMA in Scandinavia can be traced to economic crises with large-scale industrial unrest where low governance capacity induced policymakers to establish strong CMA.

The within-case analysis seems to suggest that the underlying mechanism in our two paths to strong CMA is about social control of industrial relations. This begs the question of whether the

two paths could merge. Elvander argued that low governance capacity in Denmark was responsible for strong CMA, and looking at the 1934 reform this was certainly the case; control over decentralised, strong unions was the main aim and high governance capacity came later (Due et al., 1994). Similar patterns existed in Norway in 1935 (Stokke, 1998). The same is true for the 1997/2000 reform of Swedish CMA against the backdrop of industrial unrest and wage inflation in the 1980s and 1990s. Elvander (2002) thus suggested that Sweden's reform of its mediation institutions could largely be explained by the apparent governance problems of Swedish social partners and the will of governments to steer bargaining without undermining it. The extended Elvander hypothesis is promising because it also covers Mediterranean countries. Recent reforms in Mediterranean countries have in part also been about control of collective bargaining (EIRO, 2006). Conversely, other countries have resisted strong CMA either because it was not necessary since unions were under control or too weak, e.g. the Netherlands and Switzerland and the UK, or because the preference for non-intervention was stronger than the threat of adversarial industrial relations, e.g. Germany and France. This puts union power and low governance capacity at the heart of explanations for strong CMA, in line with Elvander's inference (1974) based Scandinavian countries – all with strong unions where only governance capacity differed.

CONCLUSION

If the current crisis of collective bargaining is actually about resolving interest disputes when the economic pie is small, then surely institutions designed for just this should come to the forefront. As Simmel noted long ago (1904), CMA has the potential to solve bilateral conflicts – and this without imposing spectacular social pacts, rigid statutory provisions or depriving actors of bargaining autonomy. Strong and effective CMA, *ceteris paribus*, could reinforce collective bargaining as it resolves conflicts, potentially producing efficient and equitable solutions which enhance both procedural and substantive legitimacy of collective bargaining (Scharpf, 1997). Underlying these benefits, however, is the exercise of control and thus power relations.

The purpose of this article was to explain the existence of strong CMA in seventeen Western European countries using a fuzzy-set qualitative comparative analysis. In all seventeen countries investigated, CMA plays some role in collective bargaining, a regulatory process still vital to the European labour markets. And in eleven of these, we find rather strong CMA systems that are potentially pivotal in structuring bargaining processes and outcomes. What explains this difference? Four explanatory conditions related to strong CMA were identified: high union power, low governance capacity (the Elvander hypothesis), weak regulation of industrial action and absence of specialised labour courts (the Valdés Dal-Ré hypothesis). The analysis shows two causal paths

to strong CMA: the Nordic and the Mediterranean. The former combines union power, high governance capacity and presence of specialised labour courts. The latter combines low governance capacity, high union power and weak regulation of industrial action. None of the conditions were consistently necessary for strong CMA, although union power is present in both causal paths. The solution terms had satisfactory consistency and coverage levels and withstood robustness tests. On the basis of these results, Elvander's hypothesis was partly supported while Valdés Dal-Ré's was not. Within-case analysis furthermore shows that the two paths can potentially be fused, as shown, for example, by the historical processes in Nordic countries. Reforms to strengthen CMA in Nordic countries were consistently linked to periods or situations of low governance capacity despite the normally high governance capacity. On the basis on this, we conclude that the mechanism leading to strong CMA is about control over collective bargaining, and the impetus for institutionalising control has been high union power and low governance capacity – just as Elvander proposed. Traditions of court systems, however, are less important.

Future research into CMA and collective bargaining should accordingly focus on the mechanism of control. This study has highlighted the structural impetus – so-called remote factors (Schneider and Wagemann, 2006) – for wanting control over collective bargaining, i.e. union power and low governance capacity. The actual translation of this impetus into institution building and design, however, is political. In other words, political interests and coalitions – so-called proximate factors (Schneider and Wagemann, 2006) – leading to strong CMA should be investigated. This could be done cross-nationally as in this study or longitudinally in process-tracing of reforms (Schneider and Wagemann, 2012). There is also a need to investigate the impact of CMA on practice. Do formal institutions actually affect collective bargaining processes and outcomes, and how? This has been done in national case studies but, as noted, less so in cross-national comparative work.

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Appendix 1: Data matrix for CMA – most recent (national and comparative sources)

Country	L	Arbitration A			Score L & A	Mediation M			Conciliation C			Capabilities CA					Score M, C, CA	Qualitative calibration
	Link	Co	Vo	Bi	Fuzzy calibration	Co	Vo	Bi	Co	Vo	Bi	Notice	Exten	Cool	New	Aims	Fuzzy calibration	Fuzzy-score CMA
Germany	0	0	0	0	0	0	0	0	0	0.2	0.2	0	0	0	0	0	0.16	0.16
Austria	0	0	0	0	0	0	0.4	0	0	0.2	0	0	0	0	0	0	0.32	0.32
Switzerland	0	0	0.6	0.6	0.6	0.8	0.4	0.8	0.6	0.2	0.6	0	0	0	0	0	0.64	0.64
Netherlands	0	0	0	0.2	0.2	0	0	0.2	0	0	0	0	0	0	0	0	0.16	0.2
Belgium	0	0	0	0	0	0	0.4	0.8	0	0	0	1	0	0	0	0	0.68	0.68
Luxembourg	0	0	0.6	0	0.6	0.8	0	0	0	0	0	0	0	1	0	0	0.68	0.68
France	0	0	0.4	0	0.4	0	0.4	0.4	0	0.2	0.4	0	0	0	0	0	0.32	0.4
Italy	0	0	0.6	0	0.6	0.8	0.4	0.8	0	0	0	0	0	1	0	0	0.68	0.68
Greece	0	0.8	0	0	0.8	0	0.4	0	0	0	0	0	1	0	0	0	0.36	0.8
Portugal	0	0.8	0.6	0	0.8	0.8	0	0	0	0	0	0	0	0	0	0	0.64	0.8
Spain	0	0	0.6	0.8	0.8	0.8	0.4	0	0	0	0	0	0	0	0	0	0.64	0.8
Great Britain	0	0	0.2	0	0.2	0	0.2	0.2	0	0.2	0.2	0	0	0	0	0	0.16	0.2
Ireland	0	0	0.4	0	0.4	0	0.4	0	0	0	0	0	0	0	0	0	0.32	0.4
Sweden	0	0	0	0	0	0.8	0.4	0.8	0.6	0	0	1	1	0	0	1	0.76	0.76
Denmark	1	0	0	0	1	0.8	0.4	0	0.6	0	0	1	1	1	1	0	0.8	1
Finland	0	0	0	0	0	0.8	0	0	0	0	0	1	1	0	0	0	0.72	0.72
Norway	0	1	0	0	1	0.8	0	0	0	0	0	1	1	0	0	0	0.72	1

Co = Compulsory Statutory; Vo = Voluntary Statutory; Bi = Bilateral arrangements (typically voluntary by default as agreement on arrangement can be broken) – bargaining coverage considered; Notice = Notice obligation before industrial action; Exten = Extension of period for mediation and conciliation before indus-

trial action; Cool = Cool-down period; New = New mediation/conciliation during industrial action; Aims = Independent aims for mediation/arbitration or based on aims of parties; L = linkage of different bargaining areas into a single decision.

Calibration of CMA provisions is based on six-level fuzzy scores. Cell indicates max fuzzy score for CMA provisions – qualitative judgment of scores based on existence of arbitration, mediation and conciliation and their capabilities based on country analysis/reports (see sources).

Fuzzy-set score is found by the union of scores for arbitration (L+A) OR mediation/conciliation with capabilities (M+C). This way the strongest link prevails in the score.

Sources for CMA calibration: Comparative overview: (EIRO, 2006; Valdés Dal-Ré, 2003; Jacobs, 1993b). National sources: Germany (Dribbush and Stettes, 2006; EIRO, 2006; Jacobs, 1993a; Zachert, 2003), Austria (EIRO, 2006; Jacobs, 1993a; Marhold, 2003; Strohmer, 2006), Switzerland (Jacobs, 1993a; Fluder and Hotz-Hart, 1998), Netherlands (de Roo, 2003b; EIRO, 2006; Jacobs, 1993a; van het Kaar, 2006), Belgium (Chaidron, 2006; Delattre, 2003; EIRO, 2006; Jacobs, 1993a), Luxembourg (de Roo, 2003a; EIRO, 2006; Jacobs, 1993a), France (EIRO, 2006; Jacobs, 1993a; Jeammaud, 2003; Pernot and Vincent, 2006), Italy (EIRO, 2006; Jacobs, 1993a; Grandi, 2003; Senatori, 2006), Greece (EIRO, 2006; Jacobs, 1993a; Karkioulafis, 2006; Yannakourou and Koukoules, 2003), Portugal (EIRO, 2006; Jacobs, 1993a; Monteiro Fernandes, 2003), Spain (Amorós, 2006; EIRO, 2006; Jacobs, 1993a; Rodríguez Fernández, 2003), Great Britain (Dickens, 2006; EIRO, 2006; Jacobs, 1993a; Kilpatrick, 2003), Ireland (Dobbins, 2006; EIRO, 2006; Jacobs, 1993a; Kerr, 2003), Sweden (Berg, 2006; EIRO, 2006; Jacobs, 1993a; Eriksson, 2003; Stokke, 2002), Denmark (Due et al., 1993; EIRO, 2006; Jacobs, 1993a; Jørgensen, 2006; Kristiansen, 2003), Finland (EIRO, 2006; Jacobs, 1993a; Kuusisto, 2006; Salonius, 2003) and Norway (EIRO, 2006; Jacobs, 1993a; Stokke, 1998; Stokke, 2002; Stokke, 2006).

Appendix 2: Data matrix for GOVCAP – averages 1960–2010 (Visser, 2011b)

Country	CENT (average)	Cfveto (average)	Unveto (average)	Centralisation score	Wcoord (average)	**fscentralisa**	**fswcoord**	**fscentr+fswcoord**	**Qualitative calibration** **Fuzzy-score GOVCAP**
Germany	0.44	0	2	0.46	4	**0.2**	**0.9**	**0.43**	**0.43**
Austria	0.96	1.8	2	0.95	4.5	**1**	**0.95**	**0.98**	**0.98**
Switzerland	0.32	0	1.6	0.35	3.7	**0.07**	**0.86**	**0.33**	**0.33**
Netherlands	0.54	1.2	2	0.63	4.1	**0.6**	**0.92**	**0.71**	**0.71**
Belgium	0.46	1	0.3	0.42	4.2	**0.14**	**0.93**	**0.40**	**0.40**
Luxembourg	0.32	1	1	0.39	2.1	**0.1**	**0.23**	**0.14**	**0.14**
France	0.21	0	0	0.14	2.2	**0.01**	**0.29**	**0.10**	**0.10**
Italy	0.32	0.4	0.5	0.29	3	**0.04**	**0.68**	**0.25**	**0.25**
Greece	0.33	0	0	0.22	4	**0.02**	**0.9**	**0.31**	**0.31**
Portugal	0.32	0	0	0.21	3	**0.02**	**0.68**	**0.24**	**0.24**
Spain	0.33	1	0	0.31	3.6	**0.05**	**0.84**	**0.31**	**0.31**
Great Britain	0.1	0	0	0.07	1	**0**	**0.01**	**0.00**	**0.00**
Ireland	0.41	0.3	0	0.3	3.1	**0.05**	**0.71**	**0.27**	**0.27**
Sweden	0.54	1.7	2	0.67	4.1	**0.74**	**0.92**	**0.80**	**0.80**
Denmark	0.53	1	1.8	0.59	4	**0.47**	**0.9**	**0.61**	**0.61**
Finland	0.39	1.2	1	0.44	4	**0.17**	**0.9**	**0.41**	**0.80***
Norway	0.58	2	2	0.72	4.3	**0.85**	**0.94**	**0.88**	**0.88**
						Thresholds: 0.8;0.6;0.3	**Thresholds: 4.5;2.5;1.5**	**fscentrali-sa/fswcoord: 2/3**	

CENT: Summary measure of centralisation of wage bargaining, taking into account both union authority and union concentration at multiple levels (derived from Iversen's centralisation index). (0–1) = given by √[(Cfauthority*DEME*Hcf) + (Affauthority*DEMI*Haff)], weighting the degree of authority or vertical coordination in the union movement with the degree of external and internal unity, and union concentration or horizontal coordination, taking into account multiple levels at which bargaining can take place and assuming a non-zero division of union authority over different levels (Visser, 2011a). Taking the square root serves to magnify the differences at the low end of this scale (cf. Iversen, 1999: 53).

Weighted with Cfveto (confederate veto on strike decisions) and Unveto (federate veto on strike decisions at company level). Weight in Centralisation score: CENT = 2/3, Cfveto+Unveto: 1/3.

Wcoord: 5 = economy-wide bargaining, based on a) enforceable agreements between the central organisations of unions and employers affecting the entire economy or entire private sector, or on b) government imposition of a wage schedule, freeze, or ceiling. 4 = mixed industry and economy-wide bargaining: a) central organisations negotiate non-enforceable central agreements (guidelines) and/or b) key unions and employers' associations set pattern for the entire economy. 3 = industry bargaining with no or irregular pattern setting, limited involvement of central organisations, and limited freedoms for company bargaining. 2 = mixed or alternating industry- and firm-level bargaining, with weak enforceability of industry agreements. 1 = none of the above, fragmented bargaining, mostly at company level (Visser, 2011a).

Fuzzy scores for each measure are calibrated using thresholds: [0.8; 0.6; 0.3] for Centralisation and [4.5; 2.5; 1.5] for Wcoord. Composite score 'fscentralisa/fswcoord' is calculated with a 2/3 weight to fscentralisation.

*Finland recalibrated due to recurrent incomes policy measures (Salonius, 2003). Ireland was not recoded as the social partnership was of a relatively recent phenomenon and has since eroded (Doherty, 2011).

Appendix 3: Data matrix for UNPOW – averages 1960–2010 for private sector (Visser, 2011b)

Country	Bargaining coverage	Union density	Calibration of Bargaining coverage	Calibration of Union density	Weighted average bargcov/density	Fuzzy-score UNPOW
Germany	69.71	30.73	0.78	0.19	0.63	0.43
Austria	97.2	33.7	0.97	0.66	0.89	0.98
Switzerland	48.92	23.4	0.39	0.1	0.32	0.33
Netherlands	79.71	26.45	0.89	0.16	0.71	0.71
Belgium	92	43	0.96	0.76	0.91	0.40
Luxembourg	59.4	43.3	0.59	0.68	0.61	0.14
France	83	7.53	0.92	0.02	0.70	0.10
Italy	84.52	37.32	0.93	0.41	0.80	0.25
Greece	67.1	19.4	0.74	0.14	0.59	0.31
Portugal	65.4	31.88	0.71	0.23	0.59	0.24
Spain	73.47	16.14	0.83	0.03	0.63	0.31
Great Britain	34.34	22.53	0.18	0.29	0.21	0.00
Ireland	49.89	24.63	0.41	0.63	0.47	0.27
Sweden	82.15	72.76	0.91	0.99	0.93	0.80
Denmark	76.82	69.77	0.87	0.99	0.90	0.61
Finland	83.8	69.45	0.92	0.98	0.94	0.80
Norway	65.09	43.54	0.7	0.86	0.74	0.88
			Thresholds: 90; 55; 15	Thresholds: 60; 40; 20	Weight coverage 3/4 Weight density 1/4	

AdjCov: Bargaining (or Union) Coverage, adjusted (0–100) = employees covered by wage bargaining agreements as a proportion of all wage and salary earners in employment with the right to bargaining, expressed as percentage, adjusted for the possibility that some sectors or occupations are excluded from the right to bargain (removing such groups from the employment count before dividing the number of covered employees over the total number of dependent workers in employment) (Visser, 2011a).

CovPriv: Bargaining (or Union) Coverage, private or market sector (0–100) = employees in the private or market sector covered by wage bargaining agreements as a proportion of all wage and salary earners in employment in the private or market sector (Visser, 2011a).

Thresholds for fscov: [90; 55; 15]. UD: Union Density rate, net union membership as a proportion of all wage and salary earners in employment (Visser, 2011a).

UDpriv: Union Density rate, net union membership as a proportion of all wage and salary earners in private employment (where available) (Visser, 2011a). Calibration of 'fsdensity' using thresholds: [60; 40; 20]. Weight coverage vs. density: 3/4 vs. 1/4

Appendix 4: Data matrix for REGIND – most recent (national and comparative sources)

Country	block ade	boy-cott	go slow	work to rule	pick-eting	polit-ical	sym-pathy	warning	Immuni-ty sys-tem	Actions com-posite score	Peac e	<10 days = 1	Ball ot	Procedural rules score	**Fuzzy-score REGIND**
Germany	0	0	1	1	1	0	0.5	1	-	0.44	1	0	1	0.67	**0.61**
Austria	0	0	0	0	0	0	0	0	-	1	1.5	0	0	0.5	**0.63**
Switzerland	0	0	0	0	0	0	0	0	-	1	2	0	0	0.67	**0.75**
Netherlands	1	1	1	1	0	0	0	0	-	0.5	1	0	1	0.67	**0.63**
Belgium	0	0	0	0	1	0.5	1	0	-	0.69	0	0	0	0	**0.17**
Luxem-bourg	0	0	1	1	1	0	0	0	-	0.63	1	0	0	0.33	**0.41**
France	0	0	0	0	0	0	1	0	-	0.88	0	0	0	0	**0.22**
Italy	0	0	0	0	1	1	0.5	0	-	0.69	0.5	0	0	0.17	**0.30**
Greece	0	0	1	1	0	0	1	0	-	0.63	0	0	0	0	**0.16**
Portugal	0	1	1	0	1	0	1	0	-	0.5	0	0.8	0	0.27	**0.33**
Spain	0	0	0	0	0	0	0.5	0	-	0.94	0	0.8	0	0.27	**0.43**
Great Brit-ain	0	0	1	1	1	0	0	0	0	0.67	0	1	1	0.67	**0.67**
Ireland	0	0	1	1	1	1	1	0	0	0.44	0	0.8	1	0.6	**0.56**
Sweden	1	1	1	1	0	0	1	0	-	0.38	0.6	0.8	0	0.47	**0.44**
Denmark	1	1	0	0	1	0.5	1	0	-	0.44	0.8	1	1	0.93	**0.81**
Finland	1	0	1	1	0	1	1	0	-	0.38	1	1	0	0.67	**0.59**
Norway	1	1	1	0	1	1	1	0	-	0.25	1	0.8	1	0.93	**0.76**
															Weight proce-dural rules score: 3/4

Note high score = restrictive. 'Action composite score': unweighted average. 'Procedural rules score': unweighted average. 'fsregulaction': weighted average score of 'action composite score' and 'procedural rules score'. 'Procedural rules score': weight 3/4.

Sources for calibration of regulation of engaging in industrial action: Comparative overview: (Warneck, 2007). National sources: Germany (Dribbush and Stettes, 2006; EIRO, 2006; Jacobs, 1993a; Zachert, 2003), Austria (EIRO, 2006; Jacobs, 1993a; Marhold, 2003; Strohmer, 2006), Switzerland (Jacobs, 1993a; Fluder and Hotz-Hart, 1998), Netherlands (de Roo, 2003b; EIRO, 2006; Jacobs, 1993a; van het Kaar, 2006), Belgium (Chaidron, 2006; Delattre, 2003; EIRO, 2006;

Jacobs, 1993a), Luxembourg (de Roo, 2003a; EIRO, 2006; Jacobs, 1993a), France (EIRO, 2006; Jacobs, 1993a; Jeammaud, 2003; Pernot and Vincent, 2006), Italy (EIRO, 2006; Jacobs, 1993a; Grandi, 2003; Senatori, 2006), Greece (EIRO, 2006; Jacobs, 1993a; Karkioulafis, 2006; Yannakourou and Koukoules, 2003), Portugal (EIRO, 2006; Jacobs, 1993a; Monteiro Fernandes, 2003), Spain (Amorós, 2006; EIRO, 2006; Jacobs, 1993a; Rodríguez Fernández, 2003), Great Britain (Dickens, 2006; EIRO, 2006; Jacobs, 1993a; Kilpatrick, 2003), Ireland (Dobbins, 2006; EIRO, 2006; Jacobs, 1993a; Kerr, 2003), Sweden (Berg, 2006; EIRO, 2006; Jacobs, 1993a; Eriksson, 2003; Stokke, 2002), Denmark (Due et al., 1993; EIRO, 2006; Jacobs, 1993a; Jørgensen, 2006; Kristiansen, 2003), Finland (EIRO, 2006; Jacobs, 1993a; Kuusisto, 2006; Salonius, 2003) and Norway (EIRO, 2006; Jacobs, 1993a; Stokke, 1998; Stokke, 2002; Stokke, 2006).

Appendix 5: Data matrix for COURT – most recent (national and comparative sources)

	No specialised labour court	No lay judges	Fuzzy score
Germany	0.2	0.2	0
Austria	1	0.2	0.8
Switzerland	0.4	0.2	0.2
Netherlands	1	0	1
Belgium	0.6	0.2	0.4
Luxembourg	0.2	0	0.2
France	0.2	0.2	0
Italy	0.6	0	0.6
Greece	1	0	1
Portugal	0.8	0	0.8
Spain	0.6	0	0.6
Great Britain	0.2	0.2	0
Ireland	0.2	0.2	0
Sweden	0.2	0.2	0
Denmark	0.2	0.2	0
Finland	0.2	0.2	0
Norway	0.2	0.2	0

Calibration: 1 = no specialised court; 0.6 = Integrated; 0 = Yes, specialised
Judges: 0.2 = Lay judges; 0 = No lay judge (added to the court score)

Sources for calibration of court system: Sources for CMA calibration: Comparative overview: (EIRO, 2013; EALCJ, 2013). National sources: Germany (Dribbush and Stettes, 2006; EIRO, 2006; Jacobs, 1993a; Zachert, 2003), Austria (EIRO, 2006; Jacobs, 1993a; Marhold, 2003; Strohmer, 2006), Switzerland (Jacobs, 1993a; Fluder and Hotz-Hart, 1998), Netherlands (de Roo, 2003b; EIRO, 2006; Jacobs, 1993a; van het Kaar, 2006), Belgium (Chaidron, 2006; Delattre, 2003; EIRO, 2006; Jacobs, 1993a), Luxembourg (de Roo, 2003a; EIRO, 2006; Jacobs, 1993a), France (EIRO, 2006; Jacobs, 1993a; Jeammaud, 2003; Pernot and Vincent, 2006), Italy (EIRO, 2006; Jacobs, 1993a; Grandi, 2003; Senatori, 2006), Greece (EIRO, 2006; Jacobs, 1993a; Karkioulafis, 2006; Yannakourou and Koukoules, 2003), Portugal (EIRO, 2006; Jacobs, 1993a; Monteiro Fernandes, 2003), Spain (Amorós, 2006; EIRO, 2006; Jacobs, 1993a; Rodríguez Fernández, 2003), Great Britain (Dickens, 2006; EIRO, 2006; Jacobs, 1993a; Kilpatrick, 2003), Ireland (Dobbins, 2006; EIRO, 2006; Jacobs, 1993a; Kerr, 2003), Sweden (Berg, 2006; EIRO, 2006; Jacobs, 1993a; Eriksson, 2003; Stokke, 2002), Denmark (Due et al., 1993; EIRO, 2006; Jacobs, 1993a; Jørgensen, 2006; Kristiansen, 2003), Finland (EIRO, 2006; Jacobs, 1993a; Kuusisto, 2006; Salonius, 2003) and Norway (EIRO, 2006; Jacobs, 1993a; Stokke, 1998; Stokke, 2002; Stokke, 2006).

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Paper 3:

Bargaining in the crisis – a comparison of the 2010 collective bargaining round in the Danish and Swedish manufacturing sectors

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Bargaining in the crisis – a comparison of the 2010 collective bargaining round in the Danish and Swedish manufacturing sectors

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Summary

The economic crisis weighed heavily on the 2010 collective bargaining rounds in the Danish and Swedish manufacturing sectors – the pattern-setting sectors in both countries. This article analyses and compares the bargaining rounds from agenda-setting to signing, pointing to the significant differences in bargaining structures, processes and output. On the whole, the crisis seems to have had little effect on the Danish bargaining system due to a strong centralization on the employer side through the Confederation of Danish Industries, union moderation and the coordination of bargaining areas by Denmark's mediation institution. Conversely, the bargaining round in Sweden puts a question-mark over the viability of the whole Swedish bargaining system. Union coordination was shattered when the white-collar unions broke ranks and concluded agreements before the LO unions. But more importantly, Teknikföretagen – the biggest employers' federation – quit the Industrial Agreement after the negotiations and, once again, Swedish social partners are being forced to readjust the procedural framework for collective bargaining.

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Résumé

La crise économique a lourdement pesé sur les rounds de négociation collective 2010 dans les secteurs manufacturiers danois et suédois, qui sont les secteurs qui donnent le ton dans les deux pays. Cet article analyse et compare les rounds de négociation, depuis la fixation de l'agenda jusqu'à la signature, en soulignant les différences significatives dans les structures de négociation, les processus et les résultats. Dans l'ensemble, la crise semble avoir eu peu d'effet sur le système de négociation danois en raison de sa forte centralisation du côté des employeurs, par le biais de la confédération des industries danoises, mais aussi de la modération syndicale et de la coordination des domaines de négociation par l'institution de médiation danoise. À l'inverse, le round de négociations en Suède conduit à s'interroger sur la viabilité de l'ensemble du système de négociation suédois. La coordination syndicale a été brisée lorsque les syndicats des employés ont rompu les rangs et conclu des accords avant les syndicats ouvriers. Mais il y a plus important encore: après les négociations, la plus importante fédération d'employeurs, Teknikföretagen, a dénoncé l'accord sur le développement industriel et la formation des salaires; une fois de plus, les partenaires sociaux suédois sont forcés de réadapter le cadre procédural de la négociation collective.

Zusammenfassung

In Dänemark und Schweden hat die Wirtschaftskrise die Kollektivverhandlungen des Jahres 2010 im produzierenden Gewerbe – in beiden Ländern die Sektoren mit Vorbildfunktion – schwer belastet. In diesem Artikel werden die Verhandlungsrunden, von der Festlegung der Tagesordnung bis zur Unterzeichnung, analysiert und verglichen und die wesentlichen Unterschiede der Verhandlungsstrukturen, Verfahren und Ergebnisse dargestellt. In Dänemark scheint die Krise insgesamt aufgrund der starken Zentralisierung auf Arbeitgeberseite durch den Verband der Dänischen Industrie, der Zurückhaltung der Gewerkschaften und der Koordinierung der Verhandlungsbereiche durch die dänische Mediationsstelle nur wenig Einfluss auf das Verhandlungssystem gehabt zu haben. In Schweden hingegen wurde in dieser Verhandlungsrunde der Fortbestand des gesamten schwedischen Kollektivverhandlungssystems in Frage gestellt. Die gewerkschaftliche Koordinierung wurde zunichte gemacht, als die Angestelltengewerkschaften ausscherten und noch vor den LO-Gewerkschaften Vereinbarungen abschlossen. Von noch größerer Bedeutung war jedoch, dass Teknikföretagen – der größte Arbeitgeberverband – nach den Verhandlungen mit der Begründung aus dem Tarifvertrag ausgestiegen ist, dass die Vereinbarung ihr Ziel der Sicherung der Wettbewerbsfähigkeit verfehlt habe. Die schwedischen Sozialpartner müssen so wieder einmal den Verfahrensrahmen für Kollektivverhandlungen neu justieren.

Keywords

Restructuring, collective bargaining, comparative study, Nordic model

Introduction

What happens to collective bargaining when labour markets are severely hit by economic slumps such as the one triggered by the 2008 financial crisis? This article examines the 2010 collective bargaining round in the manufacturing sectors of Denmark and Sweden – two Nordic countries with similar collective bargaining systems. The crisis represents a test case for industrial relations scholars interested in the dynamics of bargaining systems in the face of rapidly changing external circumstances, most notably a rapid decline in labour demand.

The reasons for comparing Denmark and Sweden are well known. The two countries have 'most-similar systems' (Przeworski and Teune, 1970), with industrial relations embedded in similar cultural and institutional settings. Similarly, manufacturing is a natural point of departure as the manufacturing sector, due to its exposure to international competition, is normally recognized as pattern-setting for the rest of the labour market in both countries.

Both the Danish and Swedish economies fared well before the crisis hit. Denmark was heralded for its 'flexicurity' model – a model which seemed to have squared the circle by linking flexible labour markets with secure employment and incomes (Madsen, 2006). Similarly, Sweden had recovered from the 1990s downturn, regaining economic stability shortly before the crisis struck. Comprehensive welfare and industrial relations systems did not seem to hinder international competitiveness, with the two countries ranked high in several economic surveys (see, for example, the World Economic Forum Competitiveness Report, 2008–09).

The economic slump with its historic drop in international trade and investment hit export-dependent manufacturing companies in both countries exceptionally hard, resulting in massive lay-offs. This article investigates and compares the bargaining rounds in these two countries against this background, exploring the following research questions:

1) How have the social partners in the Danish and Swedish manufacturing sectors responded to the economic crisis in the 2010 collective bargaining rounds? 2) How can the differences in processes and outcomes be explained?

The article looks at the different phases of bargaining, identifying similarities and differences in agenda-setting, actual bargaining processes, and bargaining outcomes and their aftermath. Underlying these specific questions is the issue of the long-term stability of the Danish and Swedish bargaining systems. We therefore also pay attention to signs of systemic change in the bargaining round.

The structure of the article is as follows: first, the economic and political background of the bargaining rounds in the two countries is presented, including our theory-driven assumptions and expectations with regard to the bargaining strategies of employers and unions. Next, we outline the main bargaining actors, processes and the institutional framework for negotiations in the Danish and Swedish manufacturing sectors. The third section contains the actual analysis. The fourth section discusses findings and seeks explanations for similarities and differences arising from the analysis. Finally, the conclusion summarizes the findings and answers the research questions.

We find that crisis spurred similar bargaining results, with the most common trade-off being between shorter agreement durations and relatively low wage increases. However, specific issues were handled in different ways, reflecting institutional differences in labour law and employment policies – the most notable being the issue of social dumping. Moreover, the bargaining process was characterized by the different procedural frameworks and bargaining structures, with Denmark showing greater stability while Sweden was yet again redefining the procedural framework for coordinated collective bargaining.

Bargaining structures in Danish and Swedish manufacturing

This section outlines the main bargaining structures of the two countries. The sectors differ somewhat in their composition, with Swedish manufacturing dominated by large companies, whereas its Danish counterpart is in the hands of small- and medium-sized enterprises (Traxler, 2007).

Against a background of a sector covering a number of different occupations and the shift from traditional blue-collar to white-collar workers over the last few decades, the social partners have gradually developed bargaining structures in which coordination is sought both horizontally and

vertically to avoid excessive nominal wage increases and to remain cost-competitive (Due et al., 1994; Kjellberg, 2009a).

In Denmark sector-level agreements contain either 'minimum wage systems' (*mindstebetalingssystem*) or 'normal wage systems'. The latter sets the wage actually paid to employees, while the former merely sets the guaranteed minimum wage, with the actual wage being agreed at the workplace. The latest figures (2007) show that approximately 62 percent of employees within the LO/DA area are covered by minimum wage systems and 22 percent by 'figureless' collective agreements, reflecting the decentralization of bargaining in recent decades (Dansk Arbejdsgiverforening, 2009). The manufacturing agreement contains a highly decentralized minimum wage system for blue-collar workers, whereas its white-collar counterpart contains no wage settlements at all.

Denmark's Mediation Institution (forligsinstitutionen) plays a key role in coordinating bargaining processes. It has the right to postpone notified industrial action, propose settlements when social partners disagree and link bargaining results into one final ballot for all union members. This really is *the core* of Danish collective bargaining. Via the 'linkage rule' virtually all agreements expire at the same time and consequently have to be negotiated simultaneously. It also guarantees an all-or-nothing decision on mediation proposals, meaning that a ballot of all union members may conceal significant differences between groups of workers. Other sectors usually anticipate the direction set by manufacturing since any subsequent settlements proposed by the mediator will typically be in line with it.

In the 1990s the Danish social partners in manufacturing centralized bargaining authority, with major employers' associations merging into the Confederation of Danish Industries (DI) and trade unions coordinating their efforts in a bargaining cartel for manufacturing, CO-Industry (CO-I). At the same time, the actual setting of wages and working time was decentralized through framework agreements. This process has been termed *'centralized decentralization'* (Due et al., 1993).

The union bargaining cartel consists of nine unions, the largest being 3F representing unskilled workers and the Danish Metalworkers' Union for skilled workers. A considerable number of clerical workers are represented by HK/Privat, while the Danish Association of Professional Technicians represents other white-collar workers (both unions are members of LO, the Danish Confederation of Trade Unions). CO-Industry is the union signatory of two major agreements – one for blue-collar hourly-paid workers and one for white-collar salaried staff – covering approximately 210 000 full-time employees (FAOS, 2010).

The employers' counterpart DI represents more than 50 percent of associations belonging to the DA – the Confederation of Danish Employers. Its powerful position was cemented in 2008 when DI took over Trade, Transport and Services (Handel, Transport & Service) and with it the transport sector with its pattern-setting role in 'normal wage systems'. Though the strong centralization of employers has not been matched on the employee side, the coordination between 3F Industry (part of CO-I and focused on 'minimum wage systems') and 3F Transport ('normal wage systems') can be regarded as a functional trade union equivalent. Agreements in Danish manufacturing usually have a two- to three-year duration. Since the conclusion of the Cooperation Agreements between LO and DA in 2000, bargaining has followed tight schedules designed to avoid delays and unnecessary conflicts.

Turning to Sweden, industrial unrest and wage spirals in the 1980s and 1990s spurred efforts to coordinate bargaining, culminating in the 1997 Industrial Agreement (Industriavtalet) between manufacturing sector unions and employer associations. The agreement with its procedural framework and conflict resolution system paved the way for a controlled decentralization of wage setting (Kjellberg, 2009a) aimed at maintaining employment levels, equity and competitiveness. For more

than 80 percent of Swedish employees, wages are set in a combination of industry and local negotiations. This is typically done through a nationally agreed increase in the country's overall payroll, with a local-level breakdown negotiated locally, sometimes with individual performance-linked supplements. Agreements also often include fallback arrangements setting the increases to be paid if no local agreement is reached. In many cases there are also guaranteed minimum wage increases. Some 7 percent of private sector employees are covered by so-called 'figureless' agreements (Medlingsinstitutet, 2010a).

The 1997 Swedish Industrial Agreement (IA), often seen as the most important innovation in Swedish industrial relations since the Basic Agreement signed at Saltsjöbaden in 1938 (Elvander, 2002), introduced a new structure for wage negotiations, while at the same time establishing conflict resolution and conciliation systems via impartial chairs (Opartiska ordföranden – OpO) who lead negotiations in the last month before expiry of agreements.[1] The agreement confirmed and reinvigorated the status of the manufacturing sector as the bargaining front-runner and has brought to the fore wage restraint and a focus on real wage gains. According to a Swedish LO report, real wages of manufacturing employees increased by 30 percent over the 1995–2006 period – as opposed to 1 percent over the 1970–1995 period (Opartiska Ordförandena, 2007).

Behind the agreement were eight manufacturing sector trade unions forming the Swedish Unions within Industry (Facken inom industrin – FI) and 12 manufacturing employer organizations. FI represents both the blue-collar workers of, among others, the IF Metall (an LO union[2]) and the white-collar workers in Unionen – a member of the white-collar worker confederation, TCO) and the Swedish Association of Graduate Engineers – a member of the confederation for professionals, Saco. The fact that IF Metall is cooperating closely with white-collar and professional unions has caused controversies with other unions within the Swedish LO, but it is important to note that FI, unlike CO-I, is not a bargaining cartel and that the individual unions remain direct parties to their separate agreements. This forces Swedish unions to coordinate bargaining across confederate levels – while their Danish counterparts can coordinate within the Danish LO bargaining council.

The dominant employer organization is the Association of Swedish Engineering Industries (Teknikföretagen) representing companies with approximately 300 000 employees. This corresponds to almost 20 percent of workers employed by companies within the scope of the Confederation of Swedish Enterprises (Svenskt Näringsliv – SN), giving Teknikföretagen a position different from DI in Denmark and in turn giving SN a stronger coordinating role.

Agreements are not ratified by direct ballots of union members as in Denmark, but instead by relevant union committees – a major difference to the Danish ballot approval procedure.

Background to bargaining

The background to the 2010 bargaining rounds in the two countries was characterized by an economic slump of historic proportions, caused by the financial crisis spreading to the real economy. The slump was accompanied by rapidly rising unemployment. Though an account of the specific impact of the crisis on manufacturing goes far beyond the scope of this article, two key indicators

1 Furthermore, it established a number of specific committees, for example focusing on industrial development.

2 The other LO unions are: the Swedish Foodworkers' Union (Svenska Livsmedelsarbetareförbundet), the Swedish Paper Workers' Union (Svenska Pappersindustriarbetareförbundet), and the Swedish Forest & Woodworkers' Union (Skogs- och Träfacket).

Table 1. GDP growth rates, unemployment rates and production levels before and during crisis, %

	2007 (yearly average)			2009 (yearly average)		
	Denmark	Sweden	EU-27	Denmark	Sweden	EU-27
Real GDP growth rate	1.7	3.3	2.9	–4.9	–5.1	–4.2
Unemployment rate (ILO-def.)	3.8	6.1	7.1	6.0	8.3	8.9
	Denmark (4th quarter)			Sweden (1st quarter)		
Manufacturing production growth (2008–2009)	–22.6			–23.0		

Sources: Eurostat, 2010; CO-Industri, 2009; Industrins Ekonomiska Råd, 2009.

(real GDP and unemployment rate) serve as an illustration of the blow to Danish and Swedish labour markets (Table 1).

What is remarkable for Denmark is not the level of unemployment but its rapid rise compared to other European countries. Compared to Sweden, Danish unemployment rates increased sharply from their pre-crisis level of 3.8 percent in 2007, to 6.0 percent in 2009. The corresponding increase in Sweden was from 6.1 percent to 8.3 percent (Eurostat, 2010). While it might seem natural that Denmark, with its unemployment rate reaching an all-time low in the second quarter of 2008, experienced a rapid increase in unemployment, the parallel sharp decline in Danish employment has become an additional concern (Arbejderbevægelsens Erhvervsråd, 2009). Employment rates in Sweden have also decreased significantly. As in other countries, blue-collar (skilled and unskilled) workers in construction (business cycle sensitive) and manufacturing (export-oriented) are hit first and hardest by unemployment. As shown in the above table, production levels in Danish and Swedish manufacturing dropped dramatically – by more than one-fifth – between 2008 and 2009, obviously having a severe knock-on effect on unemployment. In Sweden some 75 000 workers in manufacturing were made redundant between October 2008 and September 2009 and the employment level was reduced by 87 100 individuals (72 700 full-time employees) between August 2008 and August 2009 (Industrins Ekonomiska Råd, 2009). In Danish manufacturing, some 66 000 jobs have been lost since the onset of the recession in the second quarter of 2008 (Arbejderbevægelsens Erhvervsråd, 2010; CO-Industri, 2009).

The considerable drop in production levels also had a certain knock-on effect on local wage developments.[3] In 2007, Danish manufacturing wages grew by 4.6 percent. In 2009 this figure had dropped to 3.8 percent, though still relatively high compared to other European countries (Dansk Arbejdsgiverforening, 2010). In Sweden, manufacturing wages rose by 3.7 percent in 2007, dropping to 2.0 percent in 2009 (Medlingsinstitutet, 2010b). To curb the negative effects on employment, several initiatives were taken. In Denmark, work-share schemes led to reduced working hours and lower labour costs for companies, with wage cuts being subsidized by the state for a maximum of 2 x 13 weeks. Some 30 000 workers took up this option between January and September 2009 – most of them in manufacturing. Similarly, DI reported that 25 percent of member companies negotiated wage freezes in local wage negotiations for 2009 (DI, 2009).

Sweden has no such subsidized system for short-time working. IF Metall – the major manufacturing union – signed the so-called Crisis Agreement (Krisavtalet) in 2009 allowing employers and shop stewards to agree to up to a 20 percent reduction in working hours with a corresponding loss

3 Increases are measured as the percentage change compared with previous year wage levels.

of income. The agreement was seen as a temporary measure to save jobs until production levels recovered. It expired together with the sector-level agreement on 31 March 2010.

Moreover, unions in both countries have suffered a decline in members and density rates over the past 15 years. Several factors have contributed to this, including structural changes in the labour force away from highly organized sectors and a weakening of the so-called Ghent effect due to legislation reducing the role of unions in managing unemployment insurance funds (Kjellberg, 2009b). Union density rates in 2008 were 71 percent and 69 percent for Sweden and Denmark, compared to 81 percent and 76 percent in 1990. Even in manufacturing, a typical union stronghold, levels dropped from 82 percent to 79 percent in Sweden (2006–2009) (Kjellberg, 2010: 9) and from 81 percent to 78 percent in Denmark (2004–2008) (Due et al., 2010: 100).

Framework for analysis: bargaining processes and strategies during the crisis

In accordance with conventional policy process theory, we see collective bargaining as a social process containing different stages needing to be analysed separately. We distinguish three stages: *agenda-setting*, *negotiating* and *output*. As we are only interested in the national regulatory output of bargaining and not the actual local-level outcomes (practice in the labour market), the article focuses solely on the stages leading up to conclusion of sector-level collective agreements in manufacturing. Enterprise-level bargaining is excluded. Using this simple heuristic, we can trace how substantive and procedural issues enter the agenda, how they are negotiated and how they are decided.

Evidently, the crisis represented an exceptional situation affecting bargaining strategies – both for employer associations and trade unions, albeit in quite different ways. At the core of their strategies was the question of how to maintain/improve competitiveness in general and how to respond to decreasing labour demand, but also how to deal with growing unemployment and income insecurity. At the same time, strategies in general were affected by changes in the relative bargaining power of the social partners and their desire to reach a deal without industrial action (Elster, 1989). With previous crises giving no indications of behaviour, certain preliminary tactical expectations can nevertheless be assumed on key issues.

It almost goes without saying that the power of trade unions to push through their demands will be reduced in times of reduced labour demand. Similarly, union leaders need to face up to economic realities as they attempt to defend employment levels, which in turn puts a dampener on any demands (e.g. wage claims) which would increase labour costs and reduce the competitiveness of companies. Wage claims can consequently be expected to be moderate during times of crisis, with both unions and employers trying to avoid a conflict with potential detrimental consequences for both sides. Evidently, this logic has never been strictly followed by union negotiators who play the two-level game of creating overlapping win-sets in negotiations vis-à-vis employers and vis-à-vis union members, a process also termed as intra-organizational bargaining (Walton and McKersie, 1965).

During a crisis with a low level of inflation, union leaders can call for real wages to be maintained or even modestly improved. This is generally acceptable to employers as the cost involved is minimal and makes sense to union members with their concern for income and employment security (Salamon, 2000). Expected productivity levels obviously also play a key role in determining the scope for wage increases, with unions calling for productivity-related increases whereas employers point to the decisive importance of their ability to pay in times of crisis (Borjas, 2000). Since the timing of any economic recovery is difficult to forecast, unions prefer short agreement durations allowing wage increases to be renegotiated quickly whereas employers prefer long

contract periods giving them medium-term planning certainty (Elster, 1989). As regards employment security, unions put their bargaining focus on better job protection, calling for restrictions on redundancies and on the use of alternative forms of employment such as agency workers. Another way to curb the negative effects of a crisis on employment is to demand enhanced redundancy payments or rights to retraining and education. Employers will take a positive stance on these subjects if they end up with a low-cost deal and workforce acceptance of redundancies (Sisson and Artiles, 2000).

Employers, in turn, will call for increased flexibility in agreements over wages, working time and work organization and also for easier hiring and firing procedures in order to increase competitiveness and productivity. An 'opt-out clause' is a case in point. Trade union responses to such demands are likely to be mixed and ultimately unforeseeable. However, a positive response is likely on working time and work organization as both have the potential to lead to greater job security through enhancing competitiveness (Léonard, 2004). Greater external numerical flexibility will be controversial and most likely opposed by unions in times of rising unemployment. However, if combined with state-subsidized schemes, unions might be less categorical in their opposition. Wage bargaining has already been commented on above. Bringing in so-called welfare-related issues, such as better leave entitlements or pension provisions, is a way out of a possible deadlock, incurring no great cost for employers and with great symbolic value for trade unions. Moreover, these issues can eventually evolve into hard issues over time as unions gradually negotiate better provisions, for example, on leave and pensions. In a similar way, procedural changes in the way social partners bargain and enforce collective agreements can have great value for union members, facilitating agreement (Due and Madsen, 2006).

Though the inclusion of such items in the final package is not unique to times of crisis, these items gain increased importance when wage increases are seen to be small. Establishing committees or working groups for particular hard-to-crack issues is another way of bridging disagreement. While they do not solve problems immediately or may indeed come up with very ambiguous solutions, they give bargaining parties a way to save face when substantive results are scarce (Elster, 1989). It should be noted that bargaining rounds in Denmark and Sweden are conducted under the legacy of a high degree of regularity in agreement renewal, meaning that agendas and issues from previous bargaining rounds will usually reappear in subsequent rounds. We can therefore expect a strong element of path-dependency despite radical changes in economic circumstances (Due and Madsen, 2006). From a more global perspective, conventional industrial relations literature suggests that social partners will seek to dampen expectations, refrain from industrial action and try to weather the storm through a so-called 'maintenance agreement' giving both sides safe passage through the crisis (Salamon, 2000). This in turn underpins union calls for shorter agreement durations.

Agenda-setting

For the above reasons, the 2010 bargaining agenda in manufacturing had the word *crisis* written all over it. In both countries, employers were quick to call for a 'zero-solution' to improve competitiveness which according to employers had suffered from excessive wage increases since the last bargaining round in 2007. Indeed, the economic reports by Statistikudvalget in Denmark and Industrins Ekonomiska Råd in Sweden both showed that the countries had enjoyed wage increases higher than in other European countries, including Germany. In both countries, wage moderation was sought, underpinned by a comparison of wage developments in other countries.

Productivity increases in Denmark had stagnated at around 0.8 percent per year over the period 1995–2008, prompting Danish employers to call for wage moderation. However, these claims were

countered with projections of increasing productivity legitimizing wage increases – albeit modest. In Sweden, unions argued that the crisis was caused by a shock downturn in demand and that real wage reductions resulting from a wage-freeze would make matters worse. Giving some backing to this, the National Institute of Economic Research released a report estimating that wage increases in the range of 1.5 percent to 2.5 percent would balance the needs of competitiveness and avoid deflation. Unions in both countries were quick to note that they had not exploited the favourable economic situation during the last bargaining round in 2007 and that now employers should refrain from doing likewise – real wages should at least be maintained.

Nonetheless, Danish unions in manufacturing seemed aware of companies' restricted ability to pay higher wages, and quickly pushed for other items on the agenda. Among these, by far the most important was the fight against social dumping via posted foreign workers – especially from Poland and central and eastern European countries – working for lower wages and working conditions. Adding to these concerns, the Swedish *Laval* case underlined how the European Court of Justice could undermine Nordic voluntarism and unions' primary weapon for forcing companies to accept terms and conditions specified in local collective agreements. Indeed, 3F – the members of which were most affected by the influx of low-cost foreign labour – decided to put social dumping at the top of the bargaining agenda, arguably diverting attention away from a meagre wage settlement.

More directly connected to the crisis, the issue of flexicurity entered the agenda, with rising unemployment spurring pressure for greater income security in the face of falling net replacement rates for skilled workers. This, in turn, put pressure on collective bargaining, with union members calling for greater job protection by extending notice periods governed by collective agreements. HK Privat – the clerical workers' union in CO-Industry – fought fiercely to put another procedural item on the agenda, the so-called 50 percent rule for clerical workers. This stipulates that for clerical workers to be covered by a collective agreement, HK must prove that at least 50 percent of these workers belong to the union. This item did not however receive great support within the CO-Industry cartel, with 3F and Dansk Metal only supporting it in principle. In spite of this, the union launched a major public campaign to put the item on the agenda. Furthermore, LO continued to focus on wage equality, an item topping the public sector bargaining agenda in 2008, and modestly aired demands for improvements in leave and pension contributions.

The 2010 round in Sweden saw a return to the agenda of the question of the bargaining structure. SN worked hard to coordinate its employer federations to take a common stance on ending centralized wage bargaining. Local wage increases were to replace centrally set wage increases, thereby undermining most of the *raison d'être* of national collective bargaining in the absence of other welfare-related issues. Strong coordination was also needed to bring Svensk Handel, the Swedish federation representing both the retail and wholesale trades, back into line with the rest of SN after its much-criticized 2007 wage deal exceeding the wage norm.

Coordination between LO unions had long suffered from disagreement over retaining manufacturing as the key bargaining sector. In a controversial move, LO proposed that retail should replace manufacturing as the key bargaining sector, arguing that manufacturing would be too weak to set wage norms for other sectors due to the crisis. In other words, the chances of gaining higher pay awards were considered better if retail took the lead. The proposal was staunchly opposed by SN and on the union side to some extent by FI, reiterating that manufacturing was to remain the front-runner due to its exposure to international competition. Ironically, help in these union coordination problems came from SN with its strong coordination. It was also helped by the demand to abolish national wage increases, as this forced unions to cooperate more with each other and cemented manufacturing as the key bargaining sector.

Manufacturing employers in Sweden demanded that the Crisis Agreement option of reducing working hours be made permanent – similar to opt-out clauses seen elsewhere in Europe. IF Metall quickly dismissed this idea, arguing that it was a temporary measure designed only for hard times. Unions reacted by calling for (re-)training rights during notice periods – a demand much in vogue due to the massive redundancies hitting IF Metall members (20 percent of members). IF Metall saw this in conjunction with a wider policy change in which they demanded that the government should subsidize incomes during short-time working periods and make use of such periods for training and skills development. Furthermore, Swedish unions, inspired by their Danish colleagues, called for training rights to be included in collective agreements and for employer contributions to be paid into skills development foundations.

In October 2009, FI publicized their bargaining demands, with the list topped by a 2.6 percent wage claim, an end to the hiring of temporary agency workers instead of redundant workers, and measures promoting employment security. Furthermore, LO unions – including manufacturing – raised demands for equal pay through specific wage pools for low-wage occupations – generally with a majority of women working in them – and supplementary paid parental leave.

The 2007 agreement had seen high wage increases. In the face of soaring unemployment rates in manufacturing, union leaders and their members adjusted their 2010 wage claims downwards. Instead, the LO unions and to a lesser extent the TCO and Saco unions pursued the issue of agency work. Unions were dissatisfied that agency workers were being hired in lieu of redundant workers, arguing that the latter should be re-instated once a company started hiring again. Although hiring is essentially a management prerogative[4], the practice had been a thorn in the side of unions for many years. Changes had been staunchly opposed by employers in both 2004 and 2007, but, in the face of the prospect of low wage increases, LO unions decided that now was the time to break employer opposition. This led to the issue being put at the top of the agenda, gaining members' support as more and more workers saw their right to priority re-instatement being taken away through agency work. As such, major lay-offs only fuelled this support, boosting union leaders' confidence that this was an *all-or-nothing* issue. Employers, however, maintained their opposition, arguing that there was nothing to bargain about as it was a legislative matter.

As such, this re-instatement issue constituted the Swedish counterpart to the Danish calls for a stop to social dumping, meaning that the union agendas of the two countries were similar.

Bargaining at the table

In Denmark, both DI and CO-Industry were cautious at first about specifying demands and potential outcomes, especially regarding wage developments. As already mentioned above, DI had taken over the transport sector in 2008, with the result that DI for the first time was to negotiate the front-runner agreements not only in the 'minimum wage system', but also in the 'normal wage system'. The latter was seen as more difficult, as national-level negotiations on actual wage increases were predicted to be tougher than the more flexible minimum wage agreement in the face of the ongoing crisis.

DI pushed through a strategy where negotiations ran more or less simultaneously in both bargaining areas, with the transport sector starting one week later than manufacturing. On the

4 Lag om Anställningsskydd (LAS) had also been a stumbling block in previous negotiations between LO and SN and their efforts to renew the Basic Agreement. Employers had pushed for greater flexibility in hiring atypical workers, arguing that changes in the rules on priority allowed greater managerial freedom in recruitment.

trade union side, the transport workers union in particular called for new initiatives to put a stop to social dumping.

Though certain executives were calling for wage cuts to maintain employment levels, DI promptly responded that employers would never go to the bargaining table with such demands. The LO president likewise tried to dampen expectations by acknowledging that 'there would be no room for a *wage-feast* this time'.[5] Generally speaking, bargaining parties seemed determined to reach agreement, with DI in particular appearing more than eager to demonstrate its ability to reach agreements in both the minimum and normal wage areas.

In late February a compromise was reached in the manufacturing sector. The agreement was to last for two years with an average increase over this period of 2.8 percent; a historical low. The element of surprise in the agreement was the new severance pay provision, supplementing unemployment benefits up to 85 percent of previous pay levels. Unions had been complaining that the state-funded benefits no longer compensate sufficiently as an average metalworker only receives some 55 percent of previous earnings. Even though DI proclaimed that this would not make it more difficult for employers to dismiss employees, trade union representatives were equally insistent in stating that this was only a first step in developing severance pay as part of the collective agreement. One week later DI and the 3F transport section concluded their new agreement. Once again wage increases were extremely modest, but DI had accepted to take serious steps together with the trade union to combat social dumping through improved wage inspection and enforcement.

Clearly, union leaders needed elements sweetening low wage increases to secure a positive outcome of the member ballot. In this respect, the severance pay and social dumping measures helped, with a clear majority (67.4 percent) of members voting in favour of the new agreements. A further factor encouraging both sides to stay at the negotiating table was that the parties could not count on government intervention if they failed to reach a compromise. In the 2008 renewal of the public sector collective agreements the government had rather surprisingly refrained from political intervention in lengthy strikes. In the run-up to the 2010 negotiations the government had announced that this was a policy they had no intention of changing, thereby putting pressure on the parties to reach an agreement (although the credibility of this non-intervention pledge is hard to verify).

In Sweden, bargaining was tougher, with both sides adopting a more hard-line approach on practically all issues, most notably wage increases and the wage structure, together with the question of agency workers and hiring priority. The other sectors were looking for manufacturing to take the lead, but progress was extremely slow at the beginning. According to union officials, employer representatives reiterated their demands for a wage freeze and a prolongation of the Crisis Deal (only for IF Metall and Teknikföretagen), thereby implying that there was nothing to negotiate about. Unions were equally adamant in their demands and negotiations seemed at a standstill in January and February 2010. During these months, unions complained that employer associations were being restricted in their bargaining activity by the strong coordination of SN and Teknikföretagen, constituting a stumbling block for union efforts to push forward agendas in other bargaining areas. In the LO family, IF Metall was more or less the only union actually negotiating at this point.

On 1 March, with the expiry date of the agreement closing in, OpO – the impartial chairs of bargaining in manufacturing – were brought in to start conciliation and mediation. The first settlement proposal was rejected by unions on the grounds that both the proposed wage increases and

5 *Berlingske Tidende*, 12 February 2010.

agreement duration were unacceptable. Furthermore, in the view of union officials the question of agency work had not been resolved. OpO continued its efforts with a new proposal including a 0.7 percent wage increase with a 12-month agreement duration. Though accepted by the employers, the unions considered the proposed wage increase a provocation (it was lower than the first proposal) and there was still no solution to agency work. With no progress in other sectors either, notice for industrial action was given. This put pressure on the retail sector where the employers' association, Svensk Handel, proclaimed that a strike during the busy Easter holiday had to be prevented even if it meant concluding an agreement before manufacturing. Again, the role of manufacturing as the key bargaining sector was being called into question and again it was Svensk Handel doing so – much to the annoyance of SN. With unions making preparations for industrial action, a breakdown of the norm-setting system seemed imminent. Nonetheless, negotiations gained pace during the second half of March, with signs of the parties nearing each other on wage increases and duration.

However, any hopes of continuing the tradition of synchronized agreements were dashed when the white-collar unions in FI, Unionen (part of TCO) and the Swedish Association of Graduate Engineers (part of Saco) surprised everybody by signing an agreement with Teknikföretagen before the other LO manufacturing unions. The agreement included modest wage increases of 2.6 percent over 18 months, with an additional 0.2 percent going to vocational training funds. In addition, paid parental leave was extended by one month. However, the agreement said nothing about agency workers. IF Metall was quick to lament the decision of Unionen and the Swedish Association of Graduate Engineers, proclaiming that the agreement was not norm-setting, even though it was the first to be concluded. For their part, SN used the divide-and-rule tactic to argue that a norm-setting agreement had been reached which would help prevent employers from having to make concessions on agency work.

It was clear that the pressure on LO trade unions to maintain a united front was high if they were to have any chance of reaching a solution on agency work. Similarly, the duration of the agreement moved to the top of the agenda now that the level of wage increases had been indicated. Moreover, if the manufacturing unions in LO were to have any chance of retaining their norm-setting role they had to move fast. This put IF Metall in pole position as the union with all the strings, though perhaps without the ability to pull them.

Behind the scenes, LO had decided that the issue of agency work and priority hiring rules had to be resolved. This forced IF Metall to succeed and, in turn, made the threat of industrial action plausible. When OpO made its third proposal at the end of March, IF Metall and Teknikföretagen finally accepted an agreement including a 3.2 percent wage increase over 22 months (similar to that for salaried workers), new priority rules on hiring agency workers instead of redundant workers, and a one-month extension of paid parental leave. Employers obtained a prolongation of the Crisis Agreement with IF Metall which now ended in October 2010, and the parties agreed to establish a working committee to work out solutions for a skills development system during notice periods.

Furthermore, IF Metall agreed that the priority rules with regard to agency workers should apply for six out of the statutory nine months, with monetary sanctions for employers breaching the agreement – a so-called collective agreement guarantee for priority hiring (Kollektivavtalad förstärkt företrädesrätt – KFF). In other words, full priority had not been achieved.

The agreement spearheaded the conclusion of agreements in other sectors and had a coordinating effect on wage setting, though the question of agency work was resolved in different ways due to dissatisfaction with the original solution. Moreover, paper industry (part of FI) and electrical contracting workers resorted to industrial action as an expression of their dissatisfaction with the

wage norm of SN and manufacturing employers, further underlining poor union coordination. In the end the paper union actually exceeded the wage norm – albeit very modestly – with a 3.3 percent increase over 22 months.

Comparative analysis of output

In the preceding section we analysed Danish and Swedish bargaining rounds in the manufacturing sector during economic crises, outlining strategies on a range of substantive and procedural issues. This section compares the processes and output of national bargaining rounds and tries to explain the most significant differences. In doing so, the comparison touches upon specific institutional differences and differences in stakeholder strategies in the two countries.

In line with our expectations, employment security topped unions' agendas in both countries, though the substance of demands and outcomes differed widely. Danish trade unions framed employment security as the fight against social dumping (putting Danish jobs at risk) together with a critique of deteriorating income security. Both items were put on the agenda against a background of a crisis-driven increase in unemployment. Social dumping and more specifically wage dumping were seen to aggravate the employment crisis for members, while income security was framed as a defence of the much celebrated flexicurity model in which income security plays a key role. Unions thereby promoted two non-wage items not entailing considerable extra labour costs for employers.

In both countries, social dumping revolved around the (mis)use of agency work in manufacturing. In Sweden the unions demanded job protection by defending priority rules and making this a potential trigger for conflict, while unions in Denmark merely wanted a level playing field between typical and atypical workers by stipulating earlier pensions contributions thus reducing the incentive to hire workers instead of employing them. That the Swedish unions preferred job protection is perhaps not surprising, given their traditional defence of typical employment and restrictions on hiring and firing which prompted employment protection legislation in the 1970s.

While the pressure for employment security was similar in both countries, union answers differed greatly. Danish unions opted for greater income security in line with the flexicurity logic, while Swedish unions wanted greater job protection in line with their traditional stance. This points to a considerable degree of path dependence in unions' bargaining strategies – even under such extraordinary circumstances. Conversely, it could be argued that Danish unions actually departed from their normal acceptance of high external numerical flexibility since the severance pay provisions involved an internalization of the cost of firing. Indeed, in the run-up to negotiations the president of the Danish Metalworkers' Union almost threatened employers and government with demands for longer notice periods if unemployment benefits were not increased.

The crisis clearly moderated wage claims. Both countries arrived at similar wage increases defending real wages and not incurring any major increase in labour costs. Compared to the 2007 agreement, wage increases were halved (1.73 percent per year in Sweden and 1.4 percent per year in Denmark for blue-collar workers), ending up slightly above projected inflation rates. The social partners in Germany had agreed to similar wage increases, suggesting a strong spillover between wage increases in the northern European countries.

Union wage moderation was evident during the agenda-setting phase in both countries, but employers differed in their wage offers. Negotiators from DI followed the tradition of keeping quiet during negotiations, though individual employers called for wage reductions or at least a wage freeze. However, DI remained confident with respect to the actual wage systems as it now led negotiations for both the minimum and normal wage systems. This situation is in stark contrast

to Sweden, where employers were much more aggressive and took up the 1990s agenda of completely decentralizing wage determination. The move might seem surprising in the light of the industrial agreement (Industriavtalet), which more or less put an end to the inflationary wage drift.

Two explanations for this change in Sweden seem plausible. The first reason could be that employers had had a dormant wish to end sector-level bargaining ever since the 1990s, with the current situation of the economic crisis and the decline in union membership presenting a window of opportunity for employers to reintroduce their demand. The second reason could be that differences between sectors had widened, putting a question-mark over the viability of letting manufacturing set the pace. This, however, is arguably also the case in Denmark, begging the question of why Swedish employers, in contrast to their Danish counterparts, are questioning the whole bargaining structure. The difference here might be that the Danish minimum wage system is more flexible than the Swedish one, giving employers in Denmark – and DI as the supreme coordinator – less reason to change the bargaining structure.

As already noted, the Swedish Trade Federation broke ranks in 2007 and employers are asking themselves if they would be better off with entirely decentralized wage bargaining. 2010 saw yet another crack in the foundations of the Swedish bargaining structure when white-collar manufacturing unions jumped the gun. The result is that manufacturing agreements now have different durations, further endangering coordination within the sector.

These differences in coordination have several possible sources. For one, Swedish bargaining rounds have historically been rife with examples of blue-collar/white-collar divergence in wage levels and agreement durations (De Geer, 1992). One reason for this is that the Swedish LO does not organize white-collar workers in the same way as the Danish LO does via the HK.

Another important reason lies in the conflict regulation systems of the two countries (Stokke, 2002). As noted above, the Danish mediation institution (forligsinstitutionen) has statutory authority to propose settlements and to bundle settlements and mediation proposals into one comprehensive proposal for adoption. In 2010, this pasted over the specific divergence between blue-collar workers and clerical workers over the 50 percent rule for clerical workers.

Finally, Danish governments have in the past proven ready to intervene in industrial conflicts should they prove damaging to the economy (which they usually are as the ballot covers all sectors). This form of conflict regulation forces parties – especially unions – to coordinate their actions, with this typically being done around the key bargaining sectors in the minimum wage and normal wage areas.

In contrast to Denmark, Swedish conflict regulation is based on the strong centralized power of the social partners and an absence of union balloting, in turn promoting strong voluntarism, relatively weak mediation facilities, and virtually no government intervention. Against a backdrop of industrial unrest and inflationary wage leapfrogging in the wake of uncoordinated bargaining rounds in the 1980s and 1990s, the Industrial Agreement (IA), concluded on the initiative of the LO manufacturing unions, the white-collar union Sif (part of TCO) and the Swedish Association of Graduate Engineers (part of Saco), succeeded in introducing procedural rules for coordinated collective bargaining at sector level.

The IA provides a procedural framework setting deadlines for the bargaining process. Three months before the expiry of agreements, bargaining has to start; and one month before this expiry, a mediator can intervene on his/her own initiative, requesting the parties to deliberate on certain issues and also to bring forth suggestions for the resolution of issues. Moreover, the mediator has the power to postpone industrial action for 14 days. However, mediation remains weak compared to Denmark, especially considering the lack of authority to link agreements or to coordinate bargaining processes.

In times of great disparities between social partners' positions, as was the case in 2010, the procedural framework has proved to be built on sand. Unionen, the successor to Sif, and the

Swedish Association of Graduate Engineers found it opportune to strike a quick deal with Teknikföretagen with an 18-month duration, prompting IF Metall to move fast to avoid a complete dissolution of pattern-setting and conclude a 22-month agreement. This lack of coordination was even more evident in the rogue strikes of the paper and electrical contracting unions, which did not accept the pattern set for them. Moreover, other sectors found alternatives to the provisions on hiring priority rules – again a sign of the relative lack of coordination both between sectors and within sectors between blue- and white-collar factions.

But the biggest blow to the IA came when the textile and fashion sector chose to exit the agreement on the grounds that it had failed to deliver on the key objective – fostering competitiveness. This move might put Swedish bargaining in a limbo, also raising the question whether manufacturing can retain its pattern-setting position.

However, it is worth recalling that the Swedish bargaining model, in the absence of Denmark's mediation facilities, has actually survived other 'messy' situations similar to that of the blue-collar LO unions and white-collar TCO and Saco unions agreeing to different wage increases and agreement durations in 2010. In 1983, the former Metal Trades Employers' Association (VF) broke ranks with SAF (the SN predecessor), concluding separate agreements with Metall and the white-collar unions Sif, CF and SALF[6] with varying durations and sounding the death knell of top-level coordination by LO and SAF (De Geer, 1992). The 1997 IA itself marked a successful revival of coordinated bargaining in the wake of the 1995 strike wave (Elvander, 2002).

At the time of writing (April 2011), the Swedish social partners are indeed proving their ability to reform the bargaining system. In a first move, FI unions have agreed to synchronize bargaining rounds, with blue-collar unions starting bargaining two months before the scheduled and white-collar unions two months after the scheduled start. Perhaps more important, FI unions, Teknikföretagen together with Teko – the employer association for the textiles and fashion industry – have started negotiating a new Industrial Agreement aimed at cementing the norm-setting role of manufacturing in the Swedish bargaining system. This could perpetuate the relative success of Swedish wage coordination from 1997 onwards.

Conclusion and perspectives

The test case that the economic crisis represents seems to point to how institutions for collective bargaining mediate the economic pressures in the 2010 collective bargaining round – even in similar countries like Denmark and Sweden. As was to be expected, certain key developments, however, characterized both countries. First, there was a considerable moderation of wage claims on the union side, clearly reflecting the employment crisis in the sector. The main trade-off for low wage increases was shorter agreement durations, opening the door to better wage deals once the economy recovered. Employers on the other hand differed in how they conducted their wage bargaining. In Denmark, it was business as usual, but in Sweden, employers demanded a departure from sector-level wage settlements, expressing their desire for a radical decentralization similar to demands in the 1990s. Secondly, union demands focused on employment security in various guises. The crisis clearly exacerbated this in both countries, though concrete demands differed widely. In Denmark, unions (in particular in the construction and transport sectors) put social dumping and measures to counteract wage dumping at the top of the agenda. A special severance pay

6 Sif: Svenska Industritjänstemannaförbundet (Swedish Union of Clerical and Technical Employees in Industry). CF: Civilingenjörsförbundet (Swedish Union of Civil Engineers). SALF: Svenska Arbetsledareförbundet (Swedish Foremen's and Supervisors' Association).

scheme was also introduced to compensate for the hollowing out of unemployment benefits. Swedish unions also put social dumping on the agenda, pushing for an end to the misuse of agency workers in connection with redundancies and calling for redundant workers to be given hiring priority. Moreover, they called for better training provisions. The difference between the two countries would seem to stem from different union traditions on flexibility and security, with Danish unions adhering to a flexicurity model where income security compensates for high external numerical flexibility and Swedish unions preferring job security via employment protection legislation. However, the new severance pay provisions in Denmark raise employer lay-off costs, potentially undermining flexibility in the longer run. Thirdly, the final compromises were facilitated by employers making concessions on non-wage procedural issues – anti social dumping provisions and severance pay in Denmark and provisions on agency work and hiring priority in Sweden, coupled with shorter agreement durations.

On the whole, the Danish social partners sailed through the crisis-related 2010 bargaining round, with the biggest trade-off being between wage moderation and employment security/social dumping measures. However, as the economic slump continues to eat its way into agreement durations and with several government proposals for changes to the unemployment insurance system and abolishing early retirement schemes *(efterløn)* on the table, trade unions might find themselves in a back-to-the-wall situation where more radical job security demands are needed to defend their position. The still waters of 2010 might conceal a raging undercurrent of conflicting demands for the 2012 bargaining round.

Conversely, the Swedish bargaining round was more 'messy' and uncoordinated. Union coordination was shattered when the white-collar TCO and Saco unions broke ranks and concluded agreements before LO unions. But more importantly, Teknikföretagen – the biggest employer federation – and Teko left the Industriavtalet after the bargaining round, arguing that the agreement failed in its purpose of securing competitiveness. The jury is still out on the systemic consequences of the 2010 bargaining round in Sweden, with social partners once again revising the procedural framework. Looking at the actual wage outcomes of the 2010 bargaining round in Sweden, the results are more or less in line with those of Denmark, with the rogue paper and electrical contracting unions achieving very little from their strikes. Similarly, despite the raging discussion between the manufacturing and retail sectors over the front-runner role, the actual wage settlement was not as 'messy' as the bargaining process might imply. With new procedural rules possibly in the pipeline, manufacturing in Sweden might re-confirm itself as the key bargaining sector in the future.

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Paper 4:

Striking a balance? Flexibility and security in collective bargaining

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Striking a balance? Flexibility and security in collective bargaining

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Abstract

Often neglected in flexicurity studies is the question of *how collective bargaining contributes to the development of flexicurity*, despite the continued resilience of this form of regulation in many European countries. The article compares sector-level bargaining and flexicurity in the printing and electrical contracting industries of Denmark, Spain and the UK to assess this link. In line with prior research, the article finds that Danish agreements contribute significantly to flexicurity. Somewhat against conventional expectations, however, are findings in the UK and Spain. In the UK, agreements contribute significantly despite a hostile context for collective bargaining. In Spain, due to the heavy influence of legislation the contribution is more modest but nevertheless notable. This overall finding gives strong evidence for the proposed link. The article goes on to discuss if a positive contribution is facilitated by certain institutional and relational conditions.

Keywords

comparative industrial relations, flexicurity, sector level

Introduction

Flexicurity, both as a political and analytical concept, contradicts the widespread view that labour market flexibility and social security are irreconcilable. Indeed, high flexibility and high security can be combined – or rather – balanced in ways that further both the interests of employers and employees.

It is therefore no wonder that flexicurity has become somewhat of a 'cause-celebre'. Sluggish economic performance by some member states of the European Union (EU) has long called for effective policies that could turn crippled welfare states into modern, high-performing economies without compromising the European social model. Flexicurity promises to deliver just that.

As the concept gains currency, policy-makers and scholars focus on ways to develop flexicurity. To this end, reference has often been made to constructive social dialogue

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between stakeholders in the labour market as an effective way to combine flexibility with security in regulation – be it through influencing and drafting national policies or through collective agreements (Andersen and Mailand, 2005; Wilthagen and Tros, 2004). Surprisingly, the contribution of collective agreements to the development of flexicurity remains unexplored even though the issues inherent in flexicurity are by no means neglected by industrial relations scholars – as seen for example in the mutual gains enterprise, partnership and employment bargaining literature (Kochan and Osterman, 1994).

A paradox thus becomes apparent. On the one hand researchers who normally deal with collective bargaining (industrial relations researchers) have implicitly looked at flexicurity but without making direct reference to it. And on the other hand, flexicurity researchers make reference to collective bargaining without systematically investigating the link to flexicurity.

The question we pursue in the present article is as follows: *To what extent and how is collective bargaining at sector level contributing to a balance between labour market flexibility and security?* We do this by comparing sector-level collective bargaining and flexicurity in the printing and electrical contracting industries in Denmark, Spain and the UK. Evidence of a positive contribution of collective bargaining in three very different labour market models should give strong support to claims that there is such a link to flexicurity.

The article is structured as follows. The first section provides a short overview of flexicurity research and how it connects to the study of industrial relations. The second presents a theoretical framework for studying the link between collective bargaining and flexicurity. The following section outlines the comparative approach of the article together with our hypotheses. Next, the research methods are described and discussed. In the fifth and sixth sections, findings of the comparative analysis are presented, which include the varied contribution of collective bargaining to flexicurity across countries and sectors, respectively. Following the analysis, we discuss findings and try to explore preconditions required for collective bargaining processes to lead to flexicurity. Finally, the main empirical implications are presented and discussed and we show how the study points to new avenues in comparative industrial relations research from a flexicurity perspective.

Flexicurity research

The point of departure in flexicurity research is that it is possible and actually economically efficient to couple the need for more flexibility in a competitive world economy while securing the workforce from the potential detrimental effects stemming from more flexibility. In other words, you can have the cake and eat it too.

Flexicurity as a concept entered into academic and political circles from the mid-1990s and onwards, having two countries of reference due to their remarkable labour market performance in the 1990s. The Netherlands was probably first to use the concept, in reference to modification of employment protection of typical workers on full-time indefinite contracts (flexibility) and improvement of protection for temporary workers (security). Research indicated that coupling of flexibility and security was in part conducive to a dynamic labour market and the reduction of labour market segmentation (Wilthagen

and Tros, 2004). The other country – and possibly the most celebrated – is Denmark, where relaxed employment protection legislation and thus high external numerical flexibility is balanced with high spending on active and passive labour market policies which ensure high employment and income security. This is thought to have contributed to the remarkable labour market performance of Denmark in the 1990s and onwards where unemployment was reduced from 12.4 percent to 3.4 percent in 1994–2007 (Statistics Denmark, 2009). Supposedly, the so-called 'Golden Triangle' has made Danes more attuned to mobility between jobs as they feel secure during transitions due to the comprehensive income coverage and active labour market measures (Bredgaard et al., 2009).

Undoubtedly, it is the labour market performance of these two primary flexicurity examples that have spurred academic and political interest in flexicurity. As a corollary, the connection between forms of regulation and labour market performance is either explicitly or implicitly present in most flexicurity studies (Auer, 2007; Bredgaard et al., 2007; Muffels and Luijkx, 2008). The analytical task is to prove that good labour market performance – labour market mobility, high employment and low unemployment – can be achieved where high flexibility is bolstered with high security. The *Employment in Europe 2007* report, for example, comments on the merits of the Nordic model and Anglo-Saxon model when clustering together key macro-indicators for flexicurity. The former countries fair well on employment and unemployment levels together with high income equality but have considerable budgetary costs. The latter countries have similar employment and unemployment figures but lower budgetary costs and lower income equality. Both regimes have somewhat flexible labour markets but differ on socioeconomic equality. Continental and Southern European countries seem to perform badly on employment figures and, to some extent, also have a problem of labour market segmentation due to high employment protection (European Commission, 2007a). Most studies – the above included – alert to the dangers of a 'one-size-fits-all' approach to policy reform in Europe (Muffels and Luijkx, 2008). In connection, both scholars and the Commission warn against top-down policy reforms that might discard the views of stakeholders in the labour market – notably the social partners (European Commission, 2007b; Wilthagen and Tros, 2004).

Flexicurity as an analytical concept

As a consequence of the sometimes unfortunate mix of academic and political aspirations in flexicurity discussions, the meaning of flexicurity is often vague and badly suited for analytical purposes. Ton Wilthagen has tried to make order in this 'mess' by outlining three meanings of flexicurity – as a deliberate *policy strategy* for reconciling flexibility and security, a *state of affairs* in labour markets, or a *heuristic tool* for analysis of flexibility and security (Wilthagen and Tros, 2004).

Arguably, the last meaning of flexicurity is the least controversial as neither does it pretend to political aspirations nor does it construct models out of configurations of labour market regulation and outcomes. Following the logic of heuristics, flexicurity merely orients researchers in asking relevant questions using four forms of flexibility and four forms of security. This has been illustrated by a matrix developed by Wilthagen and Tros (2004) (see Figure 1).

Figure 1. The flexicurity matrix

Security / Flexibility	Job security	Employment security	Income security	Combination security
External numerical flexibility				
Working time flexibility				
Functional flexibility				
Wage flexibility				

The four forms of flexibility and four forms of security in the matrix have been extensively mentioned in other publications and require no further presentation here. Rather, we wish to make a few conceptual remarks regarding flexicurity.

First, the heuristic makes clear that some forms of flexibility and security are external and some are internal. The latter group refers to flexicurity internal for companies and for employed persons, whereas the former refers to flexicurity external for companies and for unemployed persons. Using this distinction it becomes clear that studies so far have mostly focused on external flexicurity as illustrated by the Danish example. Thus, labour market mobility and security between jobs have been predominant in research so far. However, the matrix brings our attention to the multiple dimensions of flexibility and security and more research on the internal forms seems called for.

Second, the notion of balance between flexibility and security is placed in central position in most academic work. Taking the matrix, every cell therefore constitutes a potential balance between flexibility and security in some shape or form – arguably some cells being more relevant than others. However, we believe that the notion of balance in many flexicurity studies is not adequately precise. Recent attempts to clarify the concept have, however, been made by Leschke et al. (2007). We have slightly reconfigured their concepts into four types of combinations of flexibility and security in regulation:

Flexicurity 1: Flexicurity exists in regulatory arrangements that *trade off* flexibility and security (and vice versa) and where losses of either flexibility or security are *compensated* with endowments of flexibility or security.
Flexicurity 2: Flexicurity exists in regulatory arrangements that combine flexibility and security in *win/win pay-offs* thus creating advantages for employers and employees alike.
Non-flexicurity 1: Regulatory arrangements where *trade-offs* between flexibility and security (and vice versa) are *not compensated* with endowments of flexibility and security and thus represent pure zero-sum games.
Non-flexicurity 2: Lose/lose pay-offs in which regulatory arrangements simultaneously decrease flexibility and security.

Inherent in these definitions is a break with the rather unfortunate misuse of 'trade-offs' in many flexicurity texts. In our understanding a trade-off can only be understood in

terms of zero-sum terms, i.e. higher flexibility means lower security and vice versa, which is logically not flexicurity (Leschke et al., 2007). By introducing the idea of compensation, we arrive closer to the fact that some regulatory arrangements are not in balance by themselves and have to be countered by compensation for the loss of either flexibility or security. As we are concerned with flexicurity and not any form of regulation, compensation has to be in the form of flexibility or security as depicted in the matrix. For example, we do not consider pecuniary compensation for loss of job security as flexicurity. With this definition, we moreover do not pretend any complementarity in regulation as this would entail a clear causality showing how flexibility and security reinforce each other. Our aim is more modest, entailing appreciation of when regulation moves in the direction of balance. In a similar vein, we refrain from attempting to identify precisely when something is completely balanced.

The missing link in flexicurity research

State of the art flexicurity texts often make reference to the apparent positive contribution of social dialogue to the development of a balance between flexibility and security (Wilthagen, 1998). However, evidence of this link is scarce and often anecdotal in single countries instead of systematic and comparative. Furthermore, social dialogue is all too often equated with corporatist policy-making, while inclusion into statutory policy-making arguably is not sufficient to grasp the actual contribution to a balance. Despite decline in recent decades of collective bargaining coverage and union membership rates, collective bargaining still sets the terms and conditions of employment for approximately 60 percent of employees across the EU-27 (European Commission, 2008). Therefore, flexicurity as defined in the matrix is in many respects contingent upon the processes in which social partners reach collective agreements. This especially applies to internal balances of flexicurity, which perhaps for these reasons have largely been omitted in research.

In this regard, the study of industrial relations and more specifically the processes of collective bargaining become pivotal if we want to understand how flexicurity is developed. Only a few studies have touched upon the issue in a systematic and comparative manner.

Philips and Eamets' (2007) study on different European models and their approaches to flexicurity includes industrial relations indicators on, *inter alia*, collective bargaining coverage. The authors find no direct correlation between the industrial relations indicators and the economic, human capital and labour market development of a country. However, the findings indicated that high trade union density and high collective bargaining coverage are linked to compressed wage distribution, higher average wages and more training. Finally unemployment is, on the whole, lower and persistent in systems with high density and coverage.

A main reason for the continued resilience of coverage rates in Europe is the existence of sector-level agreements (European Commission, 2008), which therefore constitutes a natural analytical point of departure. In addition, as companies and workers belonging to one sector experience similar market, technological and institutional structures, they also experience similar demands for flexibility and security.

Andersen and Mailand (2005) describe how Danish collective agreements at sector level in numerous ways regulate items that have direct effect on the balances of flexibility and security through a dual development in recent decades. First, decentralization of wage-determination and working time arrangements has significantly increased flexibility. Second, inclusion of a wide range of welfare-related benefits in collective agreements has improved security in a number of ways. As a corollary, decentralized bargaining opens the possibility that flexicurity balances are determined by local bargaining parties and the institutions framing local bargaining (Nergaard et al., 2009). This in turn puts pressure on local parties to reach innovative agreements that take into account various interests in a balanced way (Regalia, 2006). To this end, minimum levels in sectoral agreements might be of help to especially trade unions when facing employer demands for more flexibility.

Indeed, Andersen – following Wilthagen (1998) – suggests that sector-level bargaining *per se* is conducive to flexicurity as a balanced form of determining terms and conditions. Andersen's main argument is that the decentralization of collective bargaining combined with the enlargement of the bargaining agenda with new security issues such as training, pension, leave schemes, etc. has increased the opportunity for reaching flexicurity balances (Andersen, 2005).

Houwing investigates regulatory changes in 11 sector-level collective agreements over time in the Netherlands. The study finds that labour scarcity and powerful unions are related to increases of flexibility and security in regulation. When labour scarcity in a sector decreases, flexibility is increased and strong unions lead to a higher stress on security in collective agreements. The study, however, does not move beyond merely relating conditions with flexicurity regulation and we do not therefore know how bargaining processes actually lead to these outcomes (Houwing, 2010). The dynamics inherent in the positive link between collective bargaining and development of flexicurity is therefore missing. It is to this point that we now turn.

Striking a balance in collective bargaining

In collective bargaining – as in any other rule-making process – there are basically two dimensions for reaching an outcome: *production* and *distribution* (Scharpf, 1997). The former refers to reaching an agreement on producing regulation; the latter refers to how benefits and costs for affected groups are to be distributed. This is a highly salient issue in the regulation of flexibility and security where both employers and employees experience the costs and benefits of changes to collective agreements. As Scharpf states, there will be no production of regulation unless 'acceptable sharing of value is assured'. This would imply that unless both parties have actually reached a satisfactory outcome of negotiations, no collective agreement can be signed (with subsequent occurrence of strikes and/or lock-outs).

Three main dynamics in collective bargaining are of special relevance. Note that the first two dynamics (exchanges and joint problem-solving) are to a large extent similar to the seminal concepts of distributive and integrative bargaining by Walton and McKersie (1965).

First, agreements via exchanges go by the logic that the potential trade-offs between flexibility and security are somehow compensated using side-payments. For example,

trade unions might accept removal of job demarcations in an agreement which increases functional flexibility but lowers employment security for members, in return for side-payments on social benefits (combination security) or rights to education (employment security).

Second, joint problem-solving involves bargaining on items where social partners identify common problems or at least take ownership of each other's problems. The most cited example is training and education that simultaneously enhance functional flexibility and employment security.

Third, collective agreements are very often package deals in which demands from both parties are pooled together and decided in one go. It is not necessarily agreement on every single item that prevails but rather a total consideration of costs and benefits that enables the agreement. Hereby, flexibility and security measures can be increased simultaneously without one party opposing one or the other.

In addition to these three dynamics, and in line with Andersen (2005) and Wilthagen (1998), we believe that broad scope of bargaining topics enhances the possibility for exchanges, package deals and joint problem-solving, simply because it increases the items actors can bargain with. In other words, production of agreement on flexibility and security becomes more plausible as the number of distributive configurations increases.

Comparative approach and hypotheses

This article adopts JS Mill's method of agreement, which looks at two or more cases where only one (independent) condition is in common and linked to a certain outcome in the dependent variable (Ragin, 1987). So, if collective bargaining in our three very different contexts contributes to the development of flexicurity, then the link between collective bargaining and flexicurity appears as a powerful explanation. Our choice of our three countries was thus made on the basis of their generally different ways of regulating labour markets: the UK representing a market-based model, Denmark a collective bargaining model and Spain a state-dominated model. In line with the contextual approach to industrial relations (Locke and Thelen, 1995) and the flexicurity research reviewed in the previous sections, we would therefore expect that these general contexts for sector-level bargaining and agreements will affect the contribution to flexicurity accordingly across our countries.

First, terms and conditions can be determined through markets understood here as either a unilateral managerial decision or through direct negotiation with the individual employee. According to IR theory, workers suffer from what could be termed the inherent 'power imbalance' in the employment relationship (Salamon, 2000). Employers are able to withdraw capital, close workplaces or simply hire other personnel due to ownership of the means of production. Individual workers do not have the same option and are therefore dependent upon preserving employment and a livelihood. This means that in the free market, individual workers might be forced to accept terms and conditions that reduce security while employers enjoy high flexibility. Accordingly, we can therefore expect – as a working assumption – that security might be underdeveloped in free markets as there is no foundation for workers' claims to certain minimum rights and obligations.

Second, terms and conditions can be governed by legislation which sets uniform rules for employment. Contrarily to markets, regulation of terms and conditions are taken away from individual determination and the inherent 'power imbalance' is thus eliminated. Furthermore, what characterizes this form of governance is that it stipulates universal, across the board, minimum (or maximum) rights and obligation for employment. Legislation can therefore be a hindrance to flexibility simply because universal rights and obligation – *ceteris paribus* – do not allow for the variation needed to constitute flexibility. Conversely, minimum and universal rights and obligations are more or less the fabric of security in that it puts guarantees on terms and conditions.

Third, terms and conditions can be determined through collective bargaining. What characterizes this form of governance is the attempt to countervail 'the power imbalance' by facing employers collectively. In accordance, we should expect a greater chance that the interests of both parties will be considered equally in collective bargaining between even parties (Salamon, 2000). In addition, an often cited advantage stemming from collective bargaining at sector level lies in the possibility for customization to specific pressures that are shared by firms in sectors (Arrowsmith and Sisson, 1999). Bargaining actors are simply closer than politicians to the challenges faced by employers and employees alike, like falling competitiveness due to inappropriate work organization. Therefore, given the proximity and level of information of actors in collective bargaining we should expect collective agreements to produce – on the whole – more apt regulation compared to national statutory provisions. Of course, the proximity argument is less valid vis-a-vis market-based determination of terms and conditions where customization is down to the individual. Collective bargaining therefore takes a middle-position (as seen in Table 1), which seems theoretically congruent with the logic of flexicurity.

We have chosen to compare two sectors, which are print (NACE-2003 22) and electrical contracting (NACE-2003 45.31). Print was for a long time a traditional manufacturing industry, but has experienced rapid technological change and economic restructuring making it all the more interesting to investigate how balances of flexibility and security have been affected. Electrical contracting is a more internationally sheltered industry and resembles general construction. Thus, while international competition is somewhat limited, electrical contracting is highly sensitive to the national business cycles and relies on quick hiring and firing of personnel.

By fixing the unit of analysis to two sectors it is possible to hold conditions in markets and technology constant across countries (Marginson and Sisson, 2006) and we get an opportunity to contrast flexicurity development both across and within countries. The choice of sectors was made to explore flexicurity in different businesses: manufacturing and construction, respectively. Furthermore, they were chosen for more pragmatic

Table 1. Links between governance forms and flexicurity

	Flexibility	Security	Country
Markets	⇑⇑	⇓	UK
Legislation	⇓	⇑⇑	Spain
Collective agreements	⇑	⇑	Denmark

reasons as they are two of the very few sectors in the UK which still have multi-employer agreements. As such they are deviant cases in the UK.

Research methods

In order to investigate the proposed positive link between collective bargaining and flexicurity balances we examined formal regulation using the following categories: pay; working time; job demarcations and productivity-related measures; training and education; social benefits and entitlements; and provisions for atypical workers. These categories were identified as relevant for the internal forms of flexicurity to which collective bargaining can contribute positively and were coded according to their contribution to certain flexibility and/or security dimensions, as the examples indicate in Table 2.

We then proceeded to content analyse statutory provisions and legislation in the three countries to determine the legal framework for collective agreements at sector level. This was deemed essential if we wanted to know the independent contribution of sector-level agreements to achieving a balance.

Next, the two most recent (from the period 2005–8) sector-level agreements in print and electrical contracting of all three countries were compared and content analysed using the above categories. In this analysis, the contribution of agreements was identified through the specific instances when collective agreements contribute to the development of a balance, either by supplementing or deviating from national statutory provisions or when collective agreements fill out substantive items on which legislation is silent.

Both forms of regulations were coded according to the type of flexibility and the security that they would contribute to – either negatively or positively. As we delimit the study to sector-level agreements, we omitted agreements at company or establishment

Table 2. Analytical categories and examples of contribution to flexicurity

	Contribution to flexibility dimensions	Contribution to security dimensions
Pay	Wage flexibility (e.g. variable pay)	Income security (e.g. basis wage)
Working time	Working time flexibility (e.g. variable working time)	Combination security (e.g. employee influence on working time)
Job demarcations	Functional flexibility (e.g. removal of demarcations)	Employment security (e.g. transferability between positions)
Training and education	Functional flexibility (e.g. transferability between positions)	Employment security (e.g. transferability between positions)
Social benefits and entitlements	–	Combination security and income security (leave schemes that secure income during different life-stages)
Provisions for atypical workers	External flexibility and working time flexibility (e.g. possibility to take on atypical workers)	Income security, employment security and combination security (e.g. equal treatment clauses)

level and unilateral HR policies, which of course reduces our ability to asses the actual contribution to flexicurity.

Furthermore, we were not able to assess flexicurity in practice and the outcomes of regulation, i.e. how employers and employees actually behave in different regulatory settings. Indeed, the proof of the pudding could lie in the balance between flexibility and security at company level and the present study should be regarded as an important first but not final step. Consequently, we have not been able to 'test' whether collective bargaining in practice is superior to legislation or market-based solutions with regard to providing flexicurity balance.

Finally, we refrain from comparing the overall flexicurity models of each country as this would entail empirical work of a larger scale than envisioned here. Rather, we aspire to give a more focused account of the specific contribution of collective bargaining, not flexicurity in general.

Once the specific contributions of the six sector-level agreements were identified, we carried out 23 semi-structured interviews in the three countries with trade union officials and employers' association officials who had led negotiations on the provisions in question. To ensure reliability of statements both sides of the table were asked similar questions. This would also ensure a balanced picture of the processes surrounding negotiations.

Respondents were chosen based on their proximity to and participation in top-level negotiations. This selection method was judged fairly uncontroversial and avoided selection bias, in that only a few persons actually had access to the negotiations in question and that the positions of respondents guaranteed comprehensive knowledge of what actually happened.

All interviews were transcribed and subsequently coded systematically in NVIVO using a standardized coding frame including substantive categories (pay, working time, etc.) and procedural categories (how bargaining items had been matched). Hereby, it was possible to identify instances of win/win pay-offs, compensated trade-offs, non-compensated trade-offs together with lose/lose pay-offs in agreements and match these with the processes of side-payments, package deals and joint problem-solving.

Findings across countries

Table 3 gives an indication of variance across countries. *Undoubtedly, the UK and Danish agreements contributed more to development of flexicurity than the Spanish agreements*, but even in Spain the positive link to flexicurity is present. Seen in relation to our expectations for variance across countries, the contribution of UK agreements is the most surprising. Denmark fits expectations with a significant contribution to flexicurity, while Spain in general also fits the expectation of a modest contribution. Nonetheless, even in Spain we detected notable balances in agreements. We return to a discussion of the conditions behind these patterns.

All three countries have experienced an organized decentralization (Traxler, 1995) of *pay* setting through framework agreements. These can be seen as an example of a win/win flexicurity pay-off as they set limits on downward pressures on wages (income security) and allow for upward variation (wage flexibility). In our process-tracings, social partners regarded the pay framework as an exchange between setting the level of

minimum rates and allowing for variation locally. Evidently – as with all other formal regulations – the actual practice and outcomes in the workplace will define the specific balance which might be skewed to one party or the other depending on local bargaining power. Moreover, the actual level of minimum wages constitutes the extent of income security.

It was clear that a framework agreement also applies to the issue of *working time*. In all three countries basic parameters have been established in the agreements with the possibility for local variation. Working time flexibility thus seems to have been high on employers' list of demands be it in the form of annualized hours (Spain) or extensive shift-working (UK and Denmark). Since the potential win/win pay-off between working time flexibility and combination security is such a complex issue depending on circumstances right down to the individual, we have refrained from identifying flexicurity here. Generally, working time flexibility has been compensated by pay supplements but as we do not consider those as income security, it is hard to view this exchange as leading to flexicurity. It was only in Spain, however, that a symbolic reduction in overall working time was achieved, although it was on the wish-list of trade unions in both the UK and Denmark.

Table 3. Summary table of countries and sectors

	Job security	Employment security	Income security	Combination security
External numerical flexibility		UK – Print	UK – Print UK – Elec	UK – Print
		DK – Print DK – Elec	DK – Print DK – Elec	DK – Print DK – Elec
Working time flexibility	UK – Print	UK – Print	UK – Print UK – Elec	UK – Print UK – Elec
		DK – Print DK – Elec	DK – Print DK – Elec	DK – Print DK – Elec ES – Print ES – Elec
Functional flexibility	UK – Print	UK – Print UK – Elec	UK – Print	
		DK – Print DK – Elec		
			ES – Print ES – Elec	
Wage flexibility			UK – Print UK – Elec	
			DK – Print DK – Elec	
			ES – Print ES – Elec	

Abbreviations: Elec = electrical contracting; DK = Denmark; ES = Spain.

Only the Danish social partners reached substantial improvements on *training and education* and the win/win pay-off between functional flexibility and employment security. This was achieved through a government-induced breakthrough in the key bargaining sector. As soon as the general framework for skills foundations was agreed here, the other sectors followed suit only adapting on the margins to specificities in their area. In the UK, efforts were not missing, but the governmental inducements in print were not strong enough to establish an effective arrangement and in electrical contracting training efforts are hampered by the overwhelming use of self-employment. Social partners in Spain had not included training to any significant degree. In print, trade unions perceived the national training system as sufficient and the issue was not high on the bargaining list for employers who feared additional costs. In electrical contracting, the issue did not receive enough attention to enter bargaining. Spanish social partners instead focus on influencing the political arena where tripartite agreements fulfil the function of national skills provision systems.

Social benefits connected to certain life-stages/situations serves to enhance both combination security and income security and practically all trade unions brought demands on benefits forward in negotiations. Indeed, conceding more benefits by employers was used as leverage for introducing flexibility on working time in both the UK and Denmark. These could best be seen as parts of the overall package deal where the lists of demands are joined allowing for final agreement, which was indicated by social partners in both the UK and Danish interviews. A less visible and deliberate package deal was seen in the Spanish sectors, where social benefits have at least paved the way for industrial peace, but also (perhaps) enhanced flexibility. The difference between the two former countries and Spain is how conscious social partners were about these overall package deals. Nonetheless, the fact that Spanish print employers got little from their wish-list indicates that the package deal logic involved less flexibility and more security, however small the changes actually are. In Spanish electrical contracting, employers seemed more interested in minimizing changes altogether and in fact had no wish-list.

Removal of job demarcations was another key bargaining item which is connected to functional flexibility. In the UK print agreement, social partners exchanged introduction of full functional flexibility with a guarantee that no individual would experience lower wages because of new tasks and responsibilities or lose their employment, i.e. a form of income security and job/employment security. In Spain, job demarcations were reduced to fewer categories which actually raised wage levels for workers. Perhaps this is why trade unions promoted changes and not employers with the 'normal' interest in functional flexibility. In Denmark, print unions wanted something extra and the price for removing job demarcations was considered too high by employers. The Danish electrical agreement was already void of demarcations, although the certification system works to restrict employment to certain qualified workers.

Finally, cross-balances between *typical and atypical employment* refer to how flexibility and security for these two groups are interlinked and possibly contradictory due to insider–outsider problems. Generally, EU directives and specific provisions for atypical employment have potentially established equal treatment for part-time and fixed-term workers, while a draft directive on agency workers is still pending at the time of writing (April 2009). Agency workers thus still lack legal protection in the UK, while this seems

to have been established in Denmark by labour tribunal rulings. In Spain, legislation and national cross-sector agreements from the 1990s established equal rights for agency workers.

However, the collective agreements in focus here also contributed to these cross-balances. In the UK and Denmark, typical employment was protected through provisions that try to define and limit the use of atypical employment to certain situations. As such, job security for insiders is prioritized at the expense of employment security for outsiders and numerical flexibility for employers. However, it is hard to judge whether these provisions are in fact aiding flexibility or restricting it. It could be argued that by establishing some protection from undercutting standards and overuse of atypical employment, these forms of flexibility are finally accepted – a form of exchange on the matter. In the present study, it remains inconclusive whether these provisions create cross-balances between groups or favour insiders. The Spanish agreements in focus were mute on atypical employment and social partners mostly referred to legislation on these items. However, viewed in the light of how different regulation exists for permanent vs fixed-term contracts, by far the biggest group of atypical employment in Spain, it is perhaps no wonder that Spanish collective agreements in focus are mute on the subject. Legislation still protects typical employment and so trade unions have no incentive to put additional provisions in sector-level agreements to protect their main constituency if they can rely on legislation.

Findings across sectors

Variance of contribution to flexicurity across sectors and within countries is much more modest than across countries, reflecting the continued importance of national labour market models. However, we did find some patterns of variance due to the characteristics of markets and technology in the sectors, reflecting the differences between manufacturing and construction industries.

We found most within-country variance in *the UK*, probably due to the lack of national institutional frameworks for collective bargaining, which, *ceteris paribus*, makes the contribution of collective bargaining to flexicurity more uneven and potentially more sector-specific. In UK print, working time and functional flexibility were pivotal and formed the backbone of employer demands in negotiations. Expensive plant demands machine utilization and thus working time flexibility. In electrical contracting the 'preferred' form of flexibility is external numerical as employment comes and goes with different building projects. Concerning functional flexibility, print differed from electrical contracting in that demarcations were still in force for the latter. Similarly, social partners in print have focused to a much larger degree on how to enhance productivity through provisions of full-cost recovery and commitments to improve production processes. While the electrical contracting agreement speaks of this, it only does so in very generic terms. In line with other studies, it could be argued that pressure from international competition in print and the absence thereof in electrical contracting spur these differences.

Differences between the two UK sectors could also be detected in their way of regulating atypical employment. This is undoubtedly a reflection of the very diverse situations of atypical employment the two sectors are facing. In print, the use of atypical employment is rather limited. Employers have conceded quite favourable rights for atypical workers to achieve permanent full-time employment through review procedures

of local chapels depending on seniority. These rights by far exceed what is given in legislation. Conversely, UK electrical contracting has experienced an explosion of 'bogus' self-employment typical for construction and agency workers who undercut terms and conditions together with qualification levels. Social partners have tried to develop cross-balances between the typical and atypical forms of employment through co-option of the latter but to no avail.

The importance of institutional frameworks for similarity between sectors perhaps becomes most evident in the highly coordinated model of *Denmark*. Here sectors belonging to the two national confederations, LO (trade unions) and DA (employers) receive more or less the same bargaining guidelines from the key bargaining sector, industrial manufacturing, so when negotiated items contribute to new or already existing balances, this is done more or less across all sectors. Differences between sectors lie in the detail and in customizing provisions to sector-specific circumstances like administrative structures of benefits. However, a few notable differences do appear between the Danish agreements, albeit in the detail. First, working time flexibility has received considerably more attention in the print bargaining round than in electrical contracting. Similarly to the UK, this revolved around shift-working and how to reward it with premiums. While not part of a specific flexicurity balance, it shows how the characteristics of the sector influence the bargaining process. In electrical contracting, the 'preferred' form of flexibility is external numerical as employment comes and goes with different building projects. Second, and connected to the point on external numerical flexibility, electrical contracting has slightly shorter notice periods than print, which evidently relates to the nature of employment in the sector.

The cross-sector variance in *Spain* is extremely limited due to heavy legislative influence on provisions. The only significant difference found was provisions on leave that have been improved in print and not in electrical contracting. The extension of leave is, however, unpaid and the improvement on combination security can be called into question.

Discussion of findings

Our expectations of variance were based on a working assumption that the general contexts of labour market models would affect the contribution of sector-level bargaining to flexicurity. Surprisingly, UK agreements in the market-based model displayed a significant contribution to flexicurity, and while the sectors concerned are deviant cases by any measure, they underline a continued potential of sector-level bargaining in the UK. Denmark and Spain fitted expectations better with high and low contributions, respectively. But even in Spain we detected some contribution. In this section, we discuss and explore some of the possible explanations for the apparent variance between countries, while we fully acknowledge that it would be premature to conclude about causal mechanisms due to the low number of cases.

Our analyses of legislation, the six agreements and process-tracings through interviews suggest that five conditions seem to facilitate the development of flexicurity. Three are to be found in the institutional context of collective bargaining processes and two stem from the relations between social partners (see Table 4).

Table 4. Facilitating conditions for contribution

	United Kingdom		Denmark		Spain	
	Print	Elec	Print	Elec	Print	Elec
Bargaining autonomy	x	x	(x) lead bargaining sector	(x) lead bargaining sector		
Breadth of agreements	x	x	x	x		
Shadow of hierarchy			x state as facilitator	x state as facilitator	x state as coercer	x state as coercer
Mutual trust	x	x	x	x		
Power parity	x	x	x	x		

Abbreviation: Elec = electrical contracting.

First, we found that the *autonomy* of social partners to conclude agreements facilitates the development of balanced bargaining outcomes. The logic is straightforward; if collective bargaining is to have any independent effect on flexicurity, it must be given autonomy to find solutions that balance the interests of social partners. So despite the different general contexts for sector-level bargaining, both the UK and Denmark display this autonomy with a stress on voluntarism in industrial relations. In accordance, it seems clear that social partners in UK have been able to strike numerous balances between flexibility and security – and this without any (formal) coordination across other sectors and without any lead bargaining sector to follow. In Denmark, autonomy is given to social partners but in the lead bargaining sector of industrial manufacturing from which most ground-breaking compromises stem. As such, independent bargaining in Danish print and electrical contracting is restricted to the margins and to adapting general provisions, for instance on training and leave, to sectoral conditions. In the state-dominated model of Spain the sector-level 'struggles' in competition with national legislation even though the Spanish government in fact tries to encourage social partnership on, for example, leave arrangements, but with limited success in the sectors concerned. Thus instead of invigorating the bargaining agenda where this is possible social partners rely on the national legislation framework and try to influence the political and tripartite arena.

Second, it was clear that *breadth of possible bargaining topics* facilitates development of flexicurity as the possibility for joint problem-solving, exchanges and package deals is enhanced. The reason why we distinguish between autonomy and breadth of topics is that autonomy does not necessarily induce social partners to actually bargain over items. A case in point is Spain, where the state actually encourages bargaining on, for example, work–life balance but to no avail, since social partners cannot successfully bring this item to the bargaining table. When additional items, however, do enter bargaining, the probability of reaching agreement that contributes to flexicurity was greater. We have already highlighted examples of how bargaining on social benefits facilitated agreement on working time flexibility in Denmark and the UK. The dynamic of exchange, but also package deals, seemed to be at play when breadth of agreements is enhanced.

Third, in line with the notion of 'shadow of hierarchy' (Héritier and Lehmkuhl, 2008), we found the importance of *the state as a facilitator* around the time of bargaining to be crucial. The importance of this precondition was evident concerning the contrasting negotiations on training in the UK and Denmark. Without a credible 'push' from the government – shying away from overburdening employers – negotiations in UK print (electrical contracting did not negotiate on this in the analysed round) led to a suboptimal solution without strong sanctioning mechanisms. This is despite the mutual recognition that UK print suffers from fights over placement of costs and avoidance of 'poaching' in the absence of a higher level coordination of training. 'The shadow of hierarchy' was conversely present in Denmark when government influenced bargaining rounds on training. The process was first coordinated in tripartite forums, followed by a pledge by the government of additional funding and lastly with the lead bargaining sector setting up a skills-development foundation. In Spain, 'shadow of hierarchy' has a more coercive character as legislation is to be implemented through collective agreements. Conversely, the government's inducements to bargaining seem to fall short because of the relative incapacity of social partners to reach agreements.

Fourth, turning to the relational facilitator, we identified a minimum requirement of *power parity* between social partners. While power is a difficult concept to grasp or measure, a minimum degree of interdependence and equal force to back up bargaining claims was an important precondition for development of flexicurity. Elsewhere, Houwing (2010) has shown that to some degree trade union strength leads to more security in collective agreements and our analysis concurs that union strength is the key factor here. The continued resilience of union density in the UK and Danish sectors and the converse weakness of Spanish unions is an indication, albeit crude, of this point.

Finally, *mutual trust* between social partners appeared crucial for giving concession on items that might be costly for one party. The compensated trade-off variant of flexicurity is a prime example of when trust becomes important. By making a trade-off where one party's gain is the other's loss, the confidence that this will be compensated somehow is crucial for the trade-off to happen in the first place. These findings mirror other studies at company level on how to balance flexibility solutions to the interests of both employers and employees. When agreements cannot be forced upon one party (as it seldom can in collective bargaining) trade-offs are therefore quickly dismissed, which often results in stalemates if no credible compensation is offered (Ilsøe, 2006).

Arguably, these facilitators are interrelated in complex ways. A case in point is Spain, where the interplay of conditions hindered development of more flexicurity. Some of our Spanish interviews made reference to low trust and therefore underdeveloped bargaining agendas. The state-dominated model perhaps acts as a stumbling-block for collective agreements that include more items which could contribute further to flexicurity. It could be argued that Spanish trade unions as the weaker party therefore rely more on influencing legislation than on invigorating collective bargaining where employers block additional items on the bargaining agenda. Social partners are in fact free to develop their sectoral alternatives to legislation and sometimes it is indeed legislation that induces collective bargaining, as seen for example on Spanish policies related to work–life balance. Nonetheless, due to the low trust between social partners, collective bargaining becomes reduced to the very basics and parties to the agreement refrain from advancing to other flexicurity elements.

In the UK, one could argue that the agreements are in a perilous situation due to the lack of a general and coordinated institutional framework. Put differently, collective bargaining in general (and with it development of flexicurity) to a high degree depends on the continued mutual trust and power parity of social partners to seek negotiated solutions. Once these conditions disappear – and indeed they could very well as seen in other sectors – there is no institutional backing to withstand the erosion of sector-level bargaining that has happened elsewhere in the UK economy. Consequently, autonomy becomes obsolete if relations between social partners deteriorate.

The Danish sectors, on the other hand, form part of a coordinated IR system that produces outcomes with socioeconomic consequences for the whole economy. As such, social partners can more easily trust each other as bargaining relations are firmly put into stable structures. While nothing is forever – certainly union density rates in decline and international economic pressures are changing the Danish model – this should make collective bargaining, and thus its contribution to flexicurity, more robust.

Conclusions and perspectives

Flexicurity studies have often made reference to an apparent link between collective bargaining and development of regulation that fosters a balance between labour market flexibility and security.

By comparing sector-level bargaining in print and electrical contracting in the UK, Denmark and Spain our analyses have shown numerous examples of collective bargaining and agreements contributing to the development of flexicurity. The contribution is most relevant on balances between wage flexibility/income security, working time/combination security and functional flexibility/employment security. Last but not least combination security through benefits in agreements seems to facilitate the compromises needed to enhance flexibility in general. These balances are most relevant internally in companies and for employed persons, while external flexicurity is mostly procured by public schemes and legislation.

Somewhat surprisingly, the UK agreements contributed significantly to flexicurity, which is against our expectations that the generally hostile context for collective bargaining should affect flexicurity negatively. This finding is by no means representative of the UK, but alerts us to the continued relevance of sector-level bargaining. Denmark was more in line with expectations of significant flexicurity development due to its continued resilience of collective industrial relations. The state-dominated model of Spain also fitted expectations of a low degree of contribution, but even here collective bargaining procured balances.

In order to explain this variance, we discussed and explored four conditions that seem to facilitate collective bargaining's contribution. These were: autonomy from legislation; breadth of bargaining topics; the state as a facilitator; together with power parity and mutual trust between social partners. The UK and Denmark share the 'voluntarist' labour market model which seems to give the necessary autonomy and breadth of agreements. However, these two countries have generally quite distinct collective bargaining structures and, in particular, the last two decades have lead to increased divergence. In fact, the UK print and electrical contracting sectors are by most measures 'deviant cases' in a country where collective bargaining has almost disappeared in the private sector. Without

institutional backing for collective bargaining, the relations between social partners become all the more crucial for contribution to flexicurity. In Spain, legislation dominates, which seems to affect the conditions negatively as social partners have less incentive to develop sophisticated bargaining. Due to the wide divergence in these preconditions across European labour market models, we wish to caution against naive attempts at policy learning.

In conclusion, we find that our study has produced valuable insights into a hitherto neglected research question, but we also acknowledge that more studies are needed to reach a deeper understanding of the link between collective bargaining and flexicurity. We also wish to raise some notes of caution about inferring the sufficiency and necessity of collective bargaining as a way to develop flexicurity. First, while much effort has been put into the conceptualization of an operational definition of flexicurity in this study, *flexicurity as an analytical concept still remains contestable and this weakens the validity* of the study. As we have only investigated formal regulation (legislation and sector-level agreements), we cannot be sure that the espoused win/win pay-offs and compensated trade-offs are balancing flexibility and security in practice at either company level or employee level. In fact, it could be argued that balancing acts at company level are the proof of the pudding of collective bargaining's positive link to flexicurity. As a corollary, flexicurity in practice is most likely contingent upon the institutional framework and power resources available for local parties (Ilsøe et al., 2007). Echoing previous studies, we could therefore expect that effective delegation of flexicurity issues is facilitated by single-channel cohesive union representation like the case in Denmark and in the sectors studied in the UK. The single-channel system allows for coordination between central and local union officials together with centrally determined frames on local bargaining as we have also pointed to in this study. Conversely, this capability of coordination with central actors seems hampered by multi-channel/fragmented systems like in Spain where local representation is weaker and collective agreements are sometimes overruled by managerially set policies (Nergaard et al., 2009). As such, these reflections fit well with our study as we contend that the sector-level framework agreements could very well be a necessary – but not sufficient – condition for developing flexicurity in practice. Second, we fully concede that the contribution of *collective bargaining is somewhat restricted to internal flexicurity* whereas external flexicurity is mainly provided for in legislation. Thus if one believes that the relevant aspects of flexicurity lie in the ability of provisions to foster labour market mobility (Muffels and Luijkx, 2008), then collective bargaining is arguably less pertinent for the concept. However, with inclusion of company-level bargaining, further complexity is added to the external/internal division, as redundancies can be an item of negotiation between management and shop stewards. For instance, company agreements on employment and competitiveness (Marginson and Sisson, 2006) where social partners exchange commitments to enhance productivity for job security, for example, should fall within the notion of flexicurity. Third, the researcher should ideally establish whether either national policies and/or company-level policies equivalent to provisions in sector-level agreements would procure the same win/win pay-offs and compensated trade-offs found in the sectors covered in order to infer the necessity of collective agreements. However, the study did not include sectors without collective bargaining at sector level, although this was the original intent of the authors.

What is thoroughly needed in future research on collective bargaining and flexicurity is the addition of flexicurity in practice to formal analysis. With this should be an appreciation of practice in sectors covered by collective agreements vs uncovered sectors. Moreover, the interactions between internal and external flexicurity should be explored in more depth as proposed, among others, by scholars of the transitional labour markets approach.

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Paper 5:

Three approaches to coordinated bargaining – a case for power-based explanations

Christian Lyhne Ibsen

Abstract

This article reviews and discusses three different theoretical approaches to the study of coordinated collective bargaining which posit three different causal mechanisms for coordination. Rational choice posits power relations based on resource-dependence; rationalist institutionalism posits rules of the game; and discursive institutionalism stresses shared meaning structures. It is argued that each approach is based on different views of coordination involving exercise of power where some actors make others do what they otherwise would not have done. Coordination could therefore have negative distributional consequences for coerced actors. The paper goes on to show examples of the three approaches from Sweden and Denmark which are regarded as crucial cases for 'Sinatra-inference': If theories of coordination stressing power and negative distributional consequences can make it in Sweden and Denmark, they can make it anywhere. The article accordingly rejects notions that coordination is purely cooperative and makes a case for placing power at the heart of coordination studies. This does not preclude elements of cooperation but it shows that cooperation is conditioned by power relations.

INTRODUCTION

Coordination of collective bargaining across industries has arguably been one of the key issues in industrial relations research and comparative political economy in recent decades. Concepts like 'organised decentralisation' (Traxler, 1995) and 'coordinated market economies' (Hall and Soskice, 2001) underline the prevalence of coordination in research. The concept has on one hand been linked to the interdependence of bargaining units with concern for wage moderation and employment. On the other hand, it has been linked to ensuring that bargaining units do not drift completely apart due to concerns for solidarity by keeping a floor under wages. So, *'when actors face a high degree of interdependence of their goals, then coordinated action generally makes all of them better off than self-interested behaviour'* (Traxler, 2003a: 195). By balancing efficiency with equity, coordinated collective bargaining is often regarded as a fundamental pil-

lar in the European social model (Jepsen and Serrano Pascual, 2005). Moreover, empirical studies have previously suggested that coordinated bargaining is conducive to wage moderation and compressed wage structures and thus reduces inflation while avoiding inequality (Traxler and Brandl, 2012; Wallerstein, 1999; Calmfors and Driffil, 1988).

The question is, however, whether all actors really are better off with coordinated bargaining? And if some actors are worse off, why do they accept current systems of bargaining coordination? The above quotation stresses the positive-sum nature of coordination in situations of high interdependence, but this could obscure power relations and uneven distributive consequences of coordination. Indeed, there are good reasons to believe that the current systems of coordinated bargaining entail winners and losers, e.g. from rising wage inequality (Baccaro and Howell, 2011; Palier and Thelen, 2010; OECD, 2011). Accordingly, we need to ask about the practices and outcomes of coordination to critically explore coordination as a political practice with potential distributional consequences. In other words, we need a concept of power in studies of bargaining coordination that identifies the causal mechanisms behind bargaining coordination.

One strand of literature argues that bargaining coordination rest on the power relations between unions and employers. It is the resources available to actors that have an interest in coordination vis-à-vis resources of actors that prefer no coordination which will determine the fate of coordination. Often these resources are market-based (e.g. an industry's share of the economy) or organisational (e.g. union density). Another strand of literature stresses how institutions mediate interests and that rules of the game conducive to coordination will be a strong explanation for its occurrence and sustainability. These institutions are often – but not exclusively – statutory supports for collective bargaining and are often used to explain variation of bargaining coordination across countries. Moreover, it is argued that institutions have distributional consequences for the actors, favouring some interests over others. Finally, some scholars claim that coordination can be explained by discourses – or meaning structures – that are inter-subjectively shared by bargaining parties and will lead them to coordinate across industries. Discourses define what is desirable and how to get it and as such can have a coercive effect by moulding the interests of actors. As defined here, the three approaches thus share an appreciation of power in coordination. However, they differ in their view of the causal mechanisms leading to and sustaining bargaining coordination.

The purpose of this paper is to review and discuss these three approaches to bargaining coordination and to test their applicability in Swedish and Danish bargaining coordination. The paper contributes to studies of bargaining coordination in three areas. Firstly, it aims to rectify the literature's often excessive focus on bargaining structure and levels as signs of coordination (e.g. Wallerstein and Golden, 2000). Structures and levels, while analytically very useful, take out the

political of coordination and cannot be the whole story (Thelen and Kume, 2006). We need to put power back into studies of coordination by asking the fundamental question: Whose interests prevail in coordination? Secondly and related, the focus on strategic interaction makes us deduce that coordination brings mutual benefits to all parties. But this might obscure mobilization of bias and ideological power (Lukes, 2005). Studies of coordination should be more sentient to these forms of power in order not to reify proposed mutual gains of coordination (Moe, 2005; Hyman, 1974). Thirdly, coordination and changes in coordination are often explained exclusively in rationalist terms using transformations of material structures, e.g. market internationalization, structural occupational changes and transitions to flexible production systems, which reorder actors' preference for coordination (Iversen, 1996). Conversely, little has been done on how actors made sense of these structural changes (Blyth, 2003). Such an appreciation entails a closer attention to the role of discourse and ideology in studies of bargaining coordination.

The plan of the article is as follows. Firstly, the paper reviews and discusses approaches to bargaining coordination through the lens of cooperation or power. Three approaches are presented: rational choice theory, rationalist institutionalism and discursive institutionalism. The approaches differ in their causal mechanisms behind coordination, and we will show that they also differ in their view on power. Secondly, to assess the applicability of the three approaches the paper shows examples from bargaining coordination in Sweden and Denmark. Both countries are heralded as consensual coordinated bargaining systems with mutual benefits for capital and labour (Pontusson, 2011). As such, Sweden and Denmark are chosen as crucial cases for approaches claiming power over cooperation (Eckstein, 1975). Put differently, they are considered least-likely cases for coordination entailing coercion due to their consensual win-win reputation. This allows for so-called 'Sinatra- inference' (Gerring, 2007): If theories of coordination stressing power exercise and negative distributional consequences can make it in Sweden and Denmark, they can make it anywhere.

APPROACHES TO COORDINATED BARGAINING

The paper includes approaches that attempt to explain the occurrence and sustainability of bargaining coordination. The focus of the paper is not on all forms of coordination as convincingly outlined by Sisson & Marginson (2002). Traxler et al. (2008: 40) note that horizontal cross-industry coordination is the most interesting variant of coordination because it potentially involves disinterest by some sectors and therefore risk of collective action problems. We therefore focus on this form. In open economies, the name of the game in horizontal coordination is to align bargaining results across sectors around the exposed sector – typically manufacturing – which in turn produces wage moderation and positive effects on employment in general, i.e. a

potential positive-sum game. Horizontal coordination, however, faces important collective action problems due the risk of defection by opportunistic sheltered sectors that can pass on labour cost-increases to consumers which in turn produces negative cost-externalities in the economy. Conversely, in sectors with low skill requirements and high supply of labour (perhaps due to labour migration), employers might be tempted to force down wages in an uncoordinated manner. Given these differing interests in coordination – the impossibility theorem (Arrow, 1951) – and opportunities to free-ride on wage-moderation (Olson, 1965) – it might be difficult to create and sustain coordination. The fundamental analytical challenge is therefore to explain how coordination is created and sustained (Traxler, 2003b).

In the following, we will elaborate on the three approaches' causal mechanisms for coordination and how they purport different views of power. Admittedly, the approaches are presented in a very stylized manner to bring out the differences. Researchers will typically not adhere to 'pure' approaches but combine causal arguments. This makes it interesting to consider whether the approaches are competing or complementary explanations for bargaining coordination. We will consider this in the conclusion.

Rational choice

Rational choice theory is pervasive in social sciences and is used widely by industrial relations scholars, political scientist, sociologists while being at the ontological core for economists (Elster, 1989). Fundamental to the rational choice approach is that actors behave rationally to maximise their interests in accordance with their position in material structures (Parsons, 2007). In social processes actors interact strategically to realise their interests partly on the basis of actions made by others. It follows that the logic of action is instrumentality and what varies (and therefore explains coordination) are different positions in material structures and the nature of interaction. How can we use rational choice to explain coordination? One of the best rational explanations for coordination comes from cross-class alliance theory. We only take the theory's logic of interest-constellation, although proponents of the theory clearly use institutionalist arguments. The theory claims that interest in coordination can basically be explained by skill requirements and product market competition (Swenson, 2002). This leads to three groups of actors with differing interests in coordination:

1. In tight product markets with low skill requirements, 'cartelist' employers are interested in 'taking wages out of competition' and unions want standardised rates. Coordination between bargaining units can achieve this.

2. In slack product markets with high skill requirements, 'segmentalist' companies want to pay above market-clearance to attract the best and brightest in decentralised agreements with occupational unions. Coordination between bargaining units is only desirable for this group if it constitutes a ceiling for others.
3. Finally, in tight product markets with high skill requirements, 'solidaristic' companies want to have flexible wages but avoid high costs, thus leading them to prefer cross-industry coordination to enforce ceilings on wages and costs. Unions in these markets will try to control unions in other sectors to avoid negative cost-externalities.

In open economies, 'solidaristic' industries are typically exposed to international competition. Conversely, 'segmentalist' industries are typically sheltered domestic sectors in which economic rent can be shared by employers and unions due to low product competition. Finally, 'cartelist' industries can be either exposed or sheltered but in both instances, product markets are tight.

Rational choice explains coordination across industries with the exposed sector exercising power over the sheltered sector. The initiative for bargaining coordination comes from the exposed companies and their unions who compete in international markets and cannot externalise costs. There is an exercise of power because the sheltered sector parties accept coordination despite their interest in free-riding on wage-moderation by other industries. The role of power is thus made explicit in rational choice accounts and others building on it (Swenson, 1991; Hall and Soskice, 2001). We suggest that social exchange theory (Molm, 1997) – and its affinities with power-dependence theory – underlies the power concept in rational choice accounts of coordination. At the heart of social exchange theory lays interdependencies between actors, A and B. A yields power over B, if B depends more on resources that A possesses, than A depends on resources that B possesses (Molm, 1997: 31). Under solidarism, for example, employers depend on unions to enforce ceilings on wages thus giving power to unions in their relationship with employers (Swenson, 2002). Conversely, in times of high unemployment and capital mobility, markets can perform wage moderation, thus obliterating the dependence on unions (Traxler et al., 2008).

In cross-industry coordination, what matters is, therefore, the extent of interdependencies between bargaining units. This can be deduced from material structures, for example the openness of the economy, the weight of the exposed sectors for the economy and skill composition in labour markets. In the absence of interdependencies – for example in a situation where home-markets are substantially more important than exports – the need for coordination will diminish as sheltered sectors will not depend on wealth creation by the exposed sectors. Conversely, employers in exposed sectors will find little need for coordination if sheltered sectors are character-

ised by very slack labour markets and low pressure on wages (Traxler et al., 2008: 37). The base of power to get sheltered sectors to comply, arise from the dependence of the sheltered sector on resources that the exposed sector possesses – or rather, the resources exposed companies produce through exports. Institutions, it should be noted, are viewed as instrumental for powerful actors to realise the benefits from coordination because they regularise coordination. However, institutions do not independently have a causal impact as they are viewed as reflections of underlying resource-dependence (Parsons, 2007).

In sum, rational choice approach suggests that strategies based on interdependencies in material structures – most notably product markets and labour markets – explain the creation and sustainability of bargaining coordination. As a corollary, moves away from coordination should also be explained by structural changes and the rational power-contingent responses by capital and labour. Indeed, factors such as structural unemployment, capital mobility, product market deregulation, flexible production systems, to name a few, have been used as explanations for employers' move to decentralise bargaining or pull-out of bargaining coordination (cf. Katz, 1993). But as many scholars have shown, these structural changes in markets have not resulted in ubiquitous convergence onto a 'one size fits all' bargaining model (Ferner and Hyman, 1998). Function doesn't necessarily follow structure (Traxler, 2003a). Moreover, as already indicated in the cross-class alliance theory, organisational capacities of actors, i.e. man-made constraints, matter in the power relations between sectors and thus in coordination (Iversen, 1996). This brings us into the institutionalist approach and a different concept of power.

Rationalist institutionalism

Institutionalist arguments are based on 'man-made' or social constraints, such as rules, conventions, and standard operating procedures with path-dependent effects on rational behaviour (North, 1990). Rationalist institutionalism maintains that interests are exogenously given by material structures but that they are mediated by institutions (Hall and Taylor, 1996). Institutions accordingly create incentives and disincentives for certain actions and can therefore solve collective action problems, such as defection in bargaining coordination (Traxler, 2003b). Moreover, institutions are path dependent, i.e. once institutions are created in a moment of indeterminacy – so called critical junctures (Thelen, 1999) – they are hard to change. This is important because it delineates institutionalism from the pure rational choice approach that often includes institutions but argue that they can be readily changed if they do not perform the functions they were set out to do (Parsons, 2007). Conversely, institutionalist arguments rest on the proposition that structural changes will not determine changes in coordination. The sources of path dependency include

'sunk costs' of creating an institution, increasing returns of the institution and transaction costs of changing it (Thelen, 1999).

Which institutions foster bargaining coordination? In this presentation, we only focus only on industrial relations institutions, while scholars from political economy often focus on institutional complementarities between coordination wage bargaining and other sets of institutions like skill development systems (Hall and Soskice, 2001). The obvious candidate is the bargaining structure itself (Clegg, 1976). As Clegg (1976) showed in his seminal comparative analysis of unions under collective bargaining, the internal organisation of class representation follows the external organisation of inter-class bargaining relations. In other words, the institutional level of bargaining determines the locus of power in unions and employer associations and once established this is hard to change. As a corollary, fixing bargaining authority in centralised multi-employer peak-level bargaining also means centralisation of power in confederations. Corporatists (e.g. Lembruch and Schmitter, 1982) focus on how centralisation of actors into few organisations facilitates bargaining coordination due to the eradication of veto-points and internalisation of pay-hikes (Calmfors and Driffil, 1988). Conversely, fragmented organisations lead to opportunism and collective action problems. Even after peak-level bargaining, the basic logic of centralisation vs. fragmentation obviously still holds sway (e.g. Traxler and Brandl, 2012). It is concentration of power into few organisations that effectively compress different interests into singular decisions. As Traxler et al. (2008) and Iversen (1996) for example note, mergers within manufacturing between high-skill and low-skill unions facilitate coordination because the new union gains organisational power over other unions. This is especially the case, if confederations provide forums for deliberation and perhaps even collective ratification of agreements.

Another important set of institutions is statutory (Sisson, 1987). Supportive statutory institutions for bargaining increase the likelihood of coordination by diminishing the opportunities or benefits of defection. Firstly, lax regulation of the right to strike might be conducive to employer preference for coordination. Secondly, peace obligations instil order and managerial prerogatives during agreements, thus reducing employers' fear of shop-floor conflict and wage-drift. Thirdly, erga omnes clauses effectively support multi-employer bargaining and therefore reduce competition between regulatory modes, i.e. between companies covered by collective agreements vs. uncovered companies (Traxler, 2003b). Alternatively, union-led unemployment insurance – Ghent-systems – increases worker propensity to join unions which – *ceteris paribus* – increases bargaining coverage, which in turn reduces competition between regulatory modes (Traxler, 2003b). Again, these institutions are all highly path-dependent – often seen as cornerstones in the European social model (Ebbinghaus and Visser, 1999).

A key dividing line in institutionalist approaches to coordination is whether institutions help actors realise mutual gains through cooperation or they cement unequal power relations (Moe, 2005). The former is a benign view on institutions as solutions to collective action problems with positive sum outcomes, the varieties of capitalism approach often being seen as an example of this view, despite its reference to power (Hall & Soskice, 2001: 5; however see also Hall & Thelen, 2009). The latter is more aligned with the second-face of power (Bachrach and Baratz, 1962) in which non-decision and mobilisation of bias constitute the main mechanisms of coordination. The second-face of power stresses how institutions are essential for understanding power relations because they exclude certain issues from decision-making, most notably the decision to defect from coordination. As a result, coordination can actually be a covert exercise of power by taking the question of whether to coordinate or not out of bargaining altogether.

Historical institutionalism has explicitly recognised how institutions constitute power unequally among actors (Thelen, 1999). Statutory frameworks for collective bargaining can thus facilitate or hinder power relations conducive to bargaining coordination. If strong unions are necessary to force employers into their second best-option of bargaining coordination – as power resource theory (Korpi, 2006) and much IR-theory suggests (Sisson, 1987; Traxler 2003a) – then surely statutory frameworks supportive of unions, e.g. Ghent-systems and erga omnes clauses, matter. Conversely, unsupportive frameworks such as the restrictions on industrial action in Britain (Dickens and Hall, 2010) or the union-recognition procedure in the US (Kochan et al., 1994) will weaken unions and therefore enhance the incentive of employers to avoid unions. Arguably, strong unions do not follow from market structures alone, but to large extent from political mobilisation in history and institutionalised opportunity structures that are path dependent and largely explain cross-national variation in coordination (Crouch, 1993; Hyman, 2001). Coalitions that created institutions and support them matter, but institutions have an independent effect on behaviour.

Rationalist institutionalism has been the object of many criticisms (cf. Campbell, 2004). Recently, institutionalist scholars have begun to question the issue of institutional change and shown that actors can change institutions of coordination from within (Streeck and Thelen, 2005). This somehow breaks with a strict notion of path dependency and would suggest that actors are less determined by institutions. Moreover, some scholars question whether the axiom of exogenous interests is really maintained in rationalist institutionalism. Indeed, Thelen (1999) remarks that historical institutionalists differ from many rational choice accounts on exactly this point, arguing that ideational elements of institutions – not merely material structures – also shape interests, which in turn matters for coordination. This brings us to the final approach and a different causal mechanism behind coordination.

Discursive institutionalism

Discursive institutionalism claims that ideas – understood generally as 'man-made' social structures of meaning – matter for bargaining coordination (Schmidt, 2008). Analytically, scholars employ normative and cognitive conceptions of ideas. The former views action according to a 'logic of appropriateness' (March and Olsen, 1989), while the latter views action according to a 'logic of causal narratives' (March, 2010: 42). Normative ideas will define what is desirable and good, while cognitive ideas will define ways to think about how the world works. Parsons (2007) delineates the discursive approach from rationalist institutionalism by arguing that ideas are distinct from institutions because actors internalise them and act according to the meaning they convey (Weick, 1995). As Blyth (2003) has noted, *'structures do not come with an instruction sheet'*, that is, we need ideas to make sense of the material structures. Moreover, while ideas are social they are also robust, so, *'…once an idea has taken hold … it's almost impossible to eradicate'*. Acting contrary to something that is meaningful, makes little sense – just as acting contrary to your interest makes little sense in rationalist accounts.

What is institutional about this approach is that ideas are inter-subjectively recognised and therefore create common expectations about action and interaction which can deter defection – just like a rule would do (Schmidt, 2010). As such, they can be instilled formally in rules and procedures – but the formalisation is a reflection of the underlying meaning structure. Industrial Relations (IR) studies are also starting to use discursive approaches explicitly (e.g. Frege, 2005; Stringfellow, 2012) and they actually have done so for a long time, albeit under the slightly different heading of ideology (e.g. Hyman, 1974).

Scandinavian political scientists have pointed out how discourses of how the economy works affect bargaining coordination (Pedersen, 1989). In what is called the 'negotiation economy', organised actors strategically interact conditioned by discourse that provides a common understanding of socio-economic problems (Pedersen, 2006: 248). Based on welfare economics, all political decisions, including collective bargaining, are measured and judged according to how it contributes positively to the economy at large. The discourse both defines what is desirable and ways to get it. Historically, the discourse arises from the small state/open economy trajectory (Katzenstein, 1985) that defines interdependencies and control of externalities as the key to success. And it places great scope for government collectivisation of risks through the welfare state, while accepting ordered voluntarist industrial relations. In turn, it becomes extremely difficult for actors to 'argue' for policies that are opportunistic such as defection from coordination. It simply doesn't make sense. In times of economic crisis, actors will investigate and eventually rally around new prescripts that can restore the economy through collective actions. This is why

centralised bargaining was replaced by a competitive pattern bargaining system that allowed for flexible wages and wage moderation while securing social standards and autonomous bargaining. Negotiation (not markets), coordination (not unilateral action) and collective adaptation (not stasis) are the key regulatory processes through which society as a whole prospers (Pedersen, 2006: 250).

Culpepper's (2008) account on changes in wage bargaining in Ireland and Italy is also exemplary of a cognitive discursive approach. It is, moreover, interesting because Culpepper wishes to retain a rationalist ontology. According to the study, the transition in Ireland to social partnership and the end of Scala Mobile-indexation in Italy was sparked by crucial common knowledge events, in which actors realised new ways of pursuing their exogenously given interests. This is what March (2010) calls high-tech learning through reflection using new causal narratives. By mimicking the logic of wage bargaining in small open-economies like Austria and Norway, Ireland could restore cost competitiveness and secure workers' income. In Italy, credible inflation forecasts paved the way for coordinated industry-level bargaining. The events changed the preference-order of social partners on bargaining institutions because they were endowed with new common knowledge which resets mutual expectations to each other's actions (Culpepper, 2008: 8). It was a new way of thinking how the economy works that made actors realign to bargaining coordination and since the knowledge is inter-subjectively shared, it becomes very hard for individual actors to argue against it – let alone defect from its logic.

With the possible exception of Culpepper, the crucial point for discursive approaches is the construction of interests (Schmidt, 2010). In Lukes' third-face of power, the question of interests becomes a question of power exercise. Accordingly, A exercises power over B by obscuring the real/objective interests of B (Lukes, 2005). In contrast to the mobilisation of bias in rationalist institutionalism – where interests are unalterable but excluded from decision-making – the third face of power shows that the most dominant form of power is one in which B holds subjective interests that are contrary to B's objective real interests. This exercise is usually latent and is sometimes called ideological power resulting in 'false consciousness'. Hereby, it radically departs from some constructivists that argue that reality is entirely constructed. For Lukes, objective interests do exist but they can be manipulated. Ontology aside, the affinity between the discursive approach and the third face of power is that ideas become constitutive of actors that make sense of the situation through normative and cognitive structures. For example neo-liberal ideology (Campbell and Pedersen, 2001) and discourses of globalization (Fairclough, 2003) all have the potential of changing the conditions for coordination, by changing identities and thus interests of bargaining parties. As a case in point, the interests of low skill workers in sheltered sectors become aligned with high-skill workers in manufacturing due to the idea of competitive-

ness through wage restraint – even though low skill workers in sheltered sectors gradually loose out due to higher skills premium (Baccaro and Howell, 2011).

Wage restraint due to competitiveness – not equality – becomes the game in town and once the game changes, so do the players (Amable and Palombarini, 2009). In competitive coordination, cost increases in bargaining are aligned with the relevant competitors, usually manufacturing companies in neighbouring countries and sheltered sectors become pattern-followers. Moreover, bargaining competence is delegated to the company level through framework agreements to increase flexibility (Sisson & Marginson, 2002). Because collective bargaining is free – especially in countries with voluntarist traditions – coordination across industries around this cost norm is better achieved if all bargaining units realise or internalise the rationality of moderation due to interdependencies. Thus, after the demise of hierarchical centralised bargaining, self-regulation by actors is necessary (Dean, 1999). Arguably, the materiality of interdependencies is very real when companies shed labour due to cost increases under tight product markets. Nonetheless, it is the framing of this materiality (Campbell, 2004) due to indeterminacy of structures (Parsons, 2007) and the resulting balance between wage moderation, flexibility, equality and voluntarism that matters for a discursive approach. There are many ways of coordinating bargaining which calls for closer attention to the details of coordination techniques because we here find the actual power exercises (Dean, 1999).

Table 1 summarises the three approaches and their main theoretical dimensions regarding bargaining coordination. On this basis, we now turn to examples of the approaches from Sweden and Denmark.

Table 1: Approaches to bargaining coordination

	Rational choice	Rationalist institutionalism	Discursive institutionalism
Logic of interaction	Logic of instrumentality	Logic of instrumentality	Logic of appropriateness and causal narratives
Structuring logic of interaction	Material resource distribution and interaction situation	Rules and standard operating procedures that form mutual expectations for interaction	Cognitive and normative meaning structures that form mutual expectations for interaction
Interest formation	Exogenous – based on material structures	Exogenous – based on material structures but constrained by institutions	Endogenous – based on institutionalized ideas that are constitutive of actors
Coordination mechanism and form of power	Structure of interests and interaction – defection made unviable due to resource interdependence	Incentive structure and mobilisation of bias - institutional design sanctions defection, rewards cooperation and takes defection off the table	Definition of the benefits from coordination and causal narrative on how to achieve it
Explanation for defection and change	Material resource structures change making it opportune to defect from existing coordination. Can give rise to new patterns of coordination.	Material structures change which changes the coalitions underlying institutions. Defection not sanctioned severely.	Counter discourses strong, causal narrative not shared among actors, i.e. weak internalisation of discourse. Reinterpretation of institutions

COORDINATION IN SWEDEN AND DENMARK

Sweden and Denmark are often highlighted as highly coordinated market economies – coordinated bargaining being one important arena for coordination – which have produced efficient and egalitarian outcomes. Both countries have, however, experienced significant changes to their bargaining systems going from centralised peak-level bargaining in the 1950s to 1970s to coordinated industry-level bargaining from the 1990s. Coordination is nevertheless ubiquitous and seemingly consensual – both horizontally and vertically. Bargaining coverage is still high of around 75 % in Denmark (DA, 2013; Larsen et al., 2010) and 88 % in Sweden (Medlingsinstitutet, 2012) and there is continued – although slightly decreasing – income equality (OECD, 2011). They are therefore 'least-likely' cases for theories that stress power exercise and uneven distribution in coordination.

How does coordination look like in Sweden and Denmark? Both countries have converged onto a pattern-bargaining system in which coordination is based on manufacturing setting a labour cost norm, usually a percentage increase, which other industries subsequently follow. However, in Sweden numerous industries have defected from the pattern set by manufacturing by settling on a higher percentage labour cost increase (see tables 2 and 3 below). This has not happened in Denmark. While Sweden by no means experienced a breakdown of coordination, defections constitute an interesting puzzle to which our approaches can be applied.

Table 2: Patter-setters and defectors in Denmark 1990-2012

	Pattern-setter	Defectors	Result
1991	Manufacturing (Transport)	-	Synchronised approval
1993	Manufacturing (Transport)	-	Synchronised approval
1995	Transport	Manufacturing	Two-year agreements in transport and construction. Three-year agreement in manufacturing
1998	Manufacturing (Transport)	-	Encompassing strike and governmental intervention
2000	Manufacturing (Transport)	-	Synchronised approval
2004	Manufacturing (Transport)	-	Synchronised approval
2007	Manufacturing	-	Synchronised approval
2010	Manufacturing (Transport)	-	Synchronised approval
2012	Manufacturing (Transport)	-	Synchronised approval

Various sources[17].Note: Transport in parentheses means that this agreement takes out higher wage increases due to the normal wage system – no local wage increases – and that it sets the pattern for the approximately 15 % of the private sector labour market with this wage system.

Table 3: Pattern-setters and defectors in Sweden 1990-2012

	Pattern-setter	Defectors	Result
1991	Tripartite Rehnberg Group	Transport	Approved
1993	Retail	Transport	Partial strike: Transport
1995	Paper and pulp	Various industries	Breakdown in coordination
1998	Manufacturing (IA agreements)	-	Approved
2001	Manufacturing (IA agreements)	Retail Hotel and Restaurants	Approved
2004	Manufacturing (IA agreements)	Food processing Retail Hotel and Restaurants Maintenance	Approved
2007	Manufacturing (IA agreements)	Retail Hotel and Restaurants	Approved
2010	Manufacturing (IA agreements) Salaried workers and academics first	Retail Paper and pulp	Partial strike: Paper and pulp Unsynchronised agreements
2012	Manufacturing (IA agreements)	-	Approved

Various sources[18]

The comparison begins by describing the material structures of both countries in brief. Hereby, it is acknowledged that material structures clearly matter – but that they are indeterminate with reference to the different bargaining processes in Sweden and Denmark. We argue that institutions and ideas enter this indeterminacy to coerce certain actors into specific forms and outcomes of coordination. In other words, we wish to stress that the approaches can be complementary.

Rational choice

According to the first approach material structures of the countries should be able to account for differences in bargaining coordination. Material structures in Sweden and Denmark are, however, very similar. According to World Bank figures (2013) manufacturing share of GDP is around 20 % in 2011 in both countries while the employment share of manufacturing has dropped since 1980 from around 30 % to around 15 % in 2011. Both have made transitions into flexible production systems (Kristensen and Lilja, 2012) and employment is increasing in the service sector. Moreover, export shares of GDP increased from around 30 % in 1980 to over 50 % in 2011, i.e. increasing economic openness but also independencies. Swedish manufacturing companies have traditionally been very large, competing in global markets with increasingly tight profit margins, e.g. in automotive, whereas the somewhat smaller Danish companies have produced for niche markets (Kristensen and Lilja, 2012). Indeed here we see a difference, but it would make us expect stronger coordination in Sweden than in Denmark. Both countries have large welfare states, relatively high taxation and high female labour participation rates together with generally high employment rates. The transition to low-inflation economic policies came in the 1980s in Denmark, while Sweden waited until the 1990s (Iversen and Pontusson, 2000). Union densities remain relatively high – around 65-70 % – despite recent changes to the Ghent-systems (Kjellberg, 2009; Due et al., 2010). Employer density (both public and private sector) is also high – although Danish employers are less organised than their Swedish counterparts, 71 % and 86 %, respectively (DA, 2013; Medlingsinstitutet, 2012). In recent years, the tradition for union-labour party links has formally weakened in Sweden and Denmark; however, informal links are still strong. Despite these similarities Swedish bargaining coordination has, as noted, failed significantly more times than the Danish. This indicates indeterminacy: why do similar structures lead to different coordination outcomes?

Rationalist institutionalism

Rationalist institutionalism gives us the following explanations for this apparent difference. Firstly, we find significant differences in organisational structures of unions and employers. In 1991-1992 Danish Industries (DI) – a new super confederation of industry – was created in Denmark which now represents 60 % of employment within the Danish Confederation of Employers (DA). The move culminated the 1989 reorganisation of DA which reduced the number of employer associations from 150 to 50. In 2013, there are only 13 employer associations in DA – signifying great concentration. Similarly, in 1992, CO-industri – a bargaining cartel with unified decision-making – was formed between metalworking unions and other manufacturing unions. Hereby, a strong cross-class alliance in manufacturing – with concentrated actors on both sides –

was born (Due et al., 1994; Scheuer, 1993). Swedish employer associations in manufacturing, conversely, did not merge. Clearly, Teknikföretagen – representing metalworking – has a privileged role due to its size, but it is dwarfed by its Danish counterpart DI – and only represents approximately 16 percent of Svensk Näringsliv – SN. Moreover, SN has 49 affiliates signifying more fragmentation. On the union side, a new bargaining cooperation called Facken inom Industrin (FI) joined the SACO union for engineers (Sveriges Ingenjörer), TCO union for salaried workers (Unionen –former SIF) with LO-unions for manual workers. This certainly strengthened cross-confederation coordination but did not create a bargaining cartel – like CO-industri in Denmark. Greater concentration of decision-making power in Denmark could explain fewer defections from coordination in Denmark compared to Sweden.

Secondly, we need to consider differences in agreement ratification procedures. In Denmark, DA ratifies agreements in an executive meeting in which DI holds a de facto majority vote. It therefore has veto-power over other bargaining units. Such procedures are non-existent in SN and defections can only be sanctioned by naming-and-shaming and symbolic fines. On the union side, neither LO-Sweden nor LO-Denmark holds veto-powers over agreements. However, the powers of mediation systems significantly alter this. In Denmark, the mediation institution – forligsinstitutionen – is competent to link agreement areas into singular union ballots, i.e. even bargaining units that have not reached agreements will receive a common proposed settlement that mimics the dominant agreement, that is, the DI and CO-industri agreements. Hereby, potential defectors that we see in Sweden are effectively reigned-in by a majoritarian vote. Conversely, Swedish mediators – Opartiska Ordföranda and Medlingsinstitutet – have no such tool. Even though mediators are formally restricted to proposing settlements in line with the manufacturing agreements, each agreement is ratified or turned down by competent assemblies of the direct bargaining parties. Defection is therefore possible, albeit conditioned by naming-and-shaming and rather symbolic fines in SN. So, different institutions distribute decision-making power unequally.

The two institutional examples shed light on different conditions for coordination and potentially explain defections. Swedish collective bargaining in turn comes out more voluntarist, in that the direct parties to agreements can decide their own fate, i.e. coercion is weaker in Sweden than in Denmark. In Denmark, coercion is strong since smaller bargaining areas are reigned-in by the ballot procedure and mediation linkage of agreements. Together with a more concentrated bargaining structure, opposing interests to the specific form of coordination are excluded from decision-making. While these institutional differences would suggest that Swedish coordination is chaotic and the Danish is stable, this is too simplistic. Swedish bargaining since the chaotic 1980s has actually experienced relative stability, save for the mentioned defections. More often

than not bargaining areas actually follow the manufacturing norm in Sweden – and this despite defections being institutionally possible and despite the possibility of taking out higher wage increases. Indeed, many union officials from low wage industries explicitly argue in favour of wage moderation based on the manufacturing norm even though this entails gradually growing wage differentials. The article now turns to the discursive approach to investigate the indeterminacy that rationalist accounts leave.

Discursive institutionalism

Two examples will be included for this approach: 1) the macro causal narratives about international competitiveness and the need for coordination based on wage moderation, and 2) the micro techniques in coordination which tell us about specific balances between wage moderation, flexibility, equality and voluntarism.

As Swenson (1991) and Due et al. (1994) have shown for Sweden and Denmark, the key idea in collective bargaining coordination, is the primacy of exports for the economy and therefore interdependencies between the exposed and sheltered sectors. This is based on two logics: Firstly, the welfare state and home-markets are dependent on wealth generation from exports – as reflected in high export shares of GDP. Secondly, cost-increases in sheltered sectors will spill-over into higher costs for exposed sectors, i.e. negative externalities. This analysis demands cross-sectoral coordination between private sectors and between the private and public sectors. Such ideas were formally announced in the 'Common Declaration' of 1987 in Denmark, in which union pledged to wage moderation in return for real wage stability, higher employment and increased private savings through occupational pension schemes (Due et al., 1994). Coupled with low-inflation economic policies, the cross-sectoral coordination resulted in the current bargaining system in which manufacturing goes first and mediation settlements sweeps up non-agreeing areas. The big issue becomes the level at which the economy at large will remain competitive. So called campaign institutions, like think tanks, politico-economic secretariats of social partners and government economic councils have been set up to analyse and discuss economic conditions in order to get the levels for coordination right by comparing labour cost developments of neighbouring countries (Pedersen, 2006). Notably in Denmark, the tripartite committee, Statistikudvalg, produce reports on the economic scope for wage increases before each bargaining round. Common causal narratives and common knowledge create mutual expectations for bargaining (Culpepper, 2008).

Similar trends can be detected in Sweden. Various reports analysed the 'Swedish problem' in the 1980s, in part zooming in on low governance capacity in wage bargaining (Blyth, 2002; Ahlén, 1989). Incomes policies were attempted (Elvander, 1989) but without compliance, com-

pensatory wage claims at company level hollowed-out their effectiveness. The breakthrough came with the Rehnberg commission in 1991 which brings the parties together through structured mediation with the purpose of wage moderation based on the so called Edin-norm. Hereby, Swedish wage developments were aligned with foreign competitors. The analysis of structural unemployment, wage rigidities and wage-spirals due to union-rivalry was first accepted in the metalworking unions and then in other manufacturing unions. They formed a bargaining cooperation on the backdrop of a chaotic bargaining round in 1995 to propose the institutionalisation of pattern-bargaining around manufacturing. In 1997, employers in manufacturing signed the 'Industrial Agreement' which set a procedural framework for bargaining and a declared goal of competitive wage developments. Concomitantly, a group of impartial chairs – Opartiska Ordföranda – were placed in charge to mediate in bargaining on the basis of their own analysis of the economic situation. As in Denmark, the name of the game is now to get the level for coordination right by comparing labour cost developments of neighbouring countries.

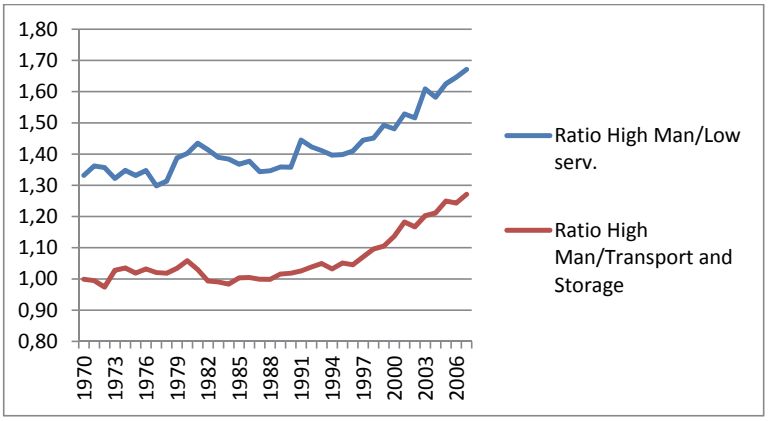
We now turn to how actors translate common ideas of competitive bargaining coordination into specific techniques. Firstly, coordination can be based on either nominal or percentage increases – the latter gradually increasing wage differentials while the former reduce them. This choice is obviously non-trivial. Secondly, coordination can be based on various metrics, ranging from productivity increases, inflation forecasts, unemployment forecasts, profit forecasts or a combination. This goes to show that coordination is neither determined by material structures but a techno-political issue with distributive consequences. Again, the importance of campaign institutions in setting the frame for bargaining coordination becomes pivotal by defining the scope for cost increases. This is not a mechanical procedure. For example, the relevant competitors are chosen, i.e. who are we comparing ourselves with? In 2010, Danish trade unions argued for inclusion of Chinese wage developments on grounds that Danish companies were in direct competition with China. Chinese percentage wage increases were higher than the German. By decontextualizing bargaining and setting it in relation to other bargaining systems, actors can frame coordination according to their interests (Fairclough, 2003).

In Sweden, the role of counter-discourses is illuminating (Schmidt, 2010). For example, Swedish service sector unions are repeatedly challenging the primacy of manufacturing as pattern-setter. They argue that services are also exposed to international competition and by far outnumber employment in manufacturing hence meriting the pattern-setting role (Medlingsinstitutet, 2009). Such counter-discourse is non-existent in Denmark – partly because DI also covers many service sector companies. For Swedish low skilled LO-unions, discourses of solidaristic wage policies and wage levelling also challenge the manufacturing primacy. In 2012, this led IF Metall to leave the LO-bargaining platform due to disagreements with low skill unions over the design

of a common low wage claim. In Denmark, such solidaristic counter-discourse does not exist, even though low skilled workers in e.g. retail, cleaning and food-processing are clearly losing out in company level wage deals. This difference is accentuated by the level of control in industry-level agreements: 85 % of Danish agreements are merely minimum wage agreements compared to the widespread use of various fall-back and individual guarantees together with wage pools in Swedish agreements (Medlingsinstitutet, 2012; DA, 2013)

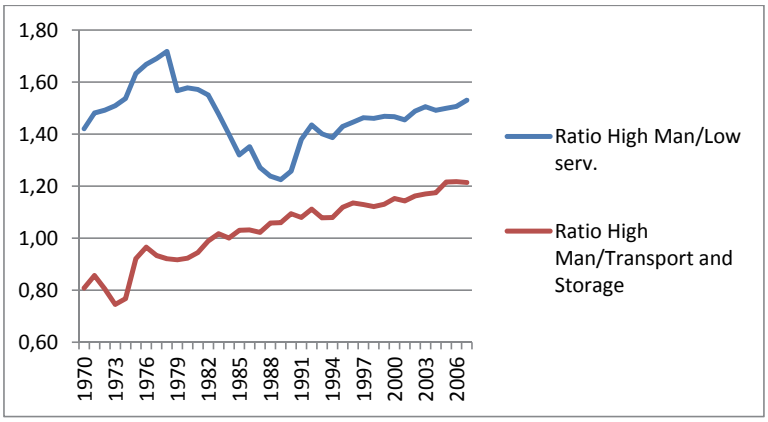
The difference between discourses on low wage in Sweden and Denmark brings the issue of real interests that Lukes (2005: 154) using Connolly (1972: 472) proposes. Real interests are defined when… *'x is more in A's interest than y, if A were he to experience the result of both x and y, would choose x as the result he would rather have for himself'*. The problem is that 'x' might not exist in reality, and we need counterfactual analysis through comparison to realise actual power exercise. We use KLEMS data (2009a; 2009b) on average wage ratios between low skill workers in retail/hotels/restaurants and transport, respectively, vis-à-vis high-skill manufacturing workers to illustrate subjective versus real interests. During the 1970s until the late 1980s wage differences were stable or shrinking. However, since decentralisation and use of framework agreements of wages, differentials have soared in Denmark while only increasing modestly in Sweden.

Figure 1: Denmark



Source: KLEMS (2009a)

Figure 2: Sweden



Source: KLEMS (2009b)

Under the current system of bargaining coordination, why do Danish low skill workers unions, despite relatively high union densities, accept relatively larger wage differentials compared to their Swedish colleagues? Structuralist accounts will stress that they have no choice due to e.g. low demand for low skill workers and labour migration pressing wages down. Surely, this might be true, but are structural differences between Sweden and Denmark really that significant? An alternative explanation could be the following: Arguably, acceptance of growing wage differentials in both countries is legitimised through collective memories of the 'bad old days' (March, 2010): We need wage moderation and flexibility to ensure that the foot-loose inflation, loss of competitiveness and high unemployment of the 1980s and early 1990s will not return. In Denmark, the discursive battles about the primacy of manufacturing are thwarted by 'heavy institutionalisation' of bias through the creation of DI on one hand, and the linkage of agreement areas by the mediation institution. Combined with loose framework agreements at industry-level, wage differentiation is hard to escape both institutionally and discursively for low wage unions. In Sweden, however, counter-discourses of wage solidarity and distributive equality are still alive and kicking and institutions allow defections by low-wage unions due to a relatively fragmented bargaining structure and relatively weak mediation institutions. Moreover, unions hold onto more controls over wages in industry level agreements by fall-back guarantees and designated wage pools to ensure even distribution in local wage bargaining (Medlingsinstitutet, 2012).

Against the backdrop of material structures, the rationalist and discursive institutionalisms can therefore complement each other, by showing how meaning structures frame interests in material structures and how this framing serve some actors better than others (Carstensen, 2010). And we can indicate how the formalisation of these meaning structures in concrete institutions produces

power-relations and mobilisation of bias with negative distributive consequences for some actors.

CONCLUDING REMARKS

The article has reviewed and discussed three different theoretical approaches to the study of coordinated collective bargaining which posit three different causal mechanisms for coordination. Rational choice posited power relations based on resource-dependence; rationalist institutionalism posited rules of the game and mobilisation of bias; and discursive institutionalism posits shared meaning structures and moulding of interests. It was thus argued that each approach is based on different views of coordination involving exercise of power where some actors make others do what they otherwise would not have done. Looking at examples from Sweden and Denmark, the overall conclusion is that approaches stressing power bargaining coordination are accurate. This allows for a 'Sinatra-inference': if these theories can make it in consensual and egalitarian countries, they can (probably) make it anywhere. The article accordingly rejects notions that coordination is purely cooperative and follows Traxler et al. (2008) who put power at the heart of coordination studies – a proposition that can be transferred beyond collective bargaining. This does not preclude elements of cooperation in coordination, but it shows that cooperation is conditioned by power relations.

Moreover, we asked whether the three approaches are competing or complementary to each other. Firstly, rational choice and rationalist institutionalism share the logic of instrumentality and exogenous interests in bargaining coordination, but the latter introduces mediating institutions and – as argued by for example Moe (2005) – mobilisation of bias. Indeterminacy of material structures as well as path dependency of institutions is another layer to the explanation of bargaining coordination which rational choice is inapt to explain. This warrants institutionalist explanations. Nevertheless, as a point of departure, rational choice makes a useful contribution to understanding ideal typical interest configurations between bargaining actors. Secondly, at the outset, rationalist and discursive institutionalisms are ontologically incompatible due to their diverging views on interest formation and thus concepts of power. If the assumption of exogenous interests, however, is relaxed and we accept that interests depend on how actors *'...filter, interpret and act – or not – upon the constraints they face'* (Murray et al., 2010: 327), then we do not have to discard strategic behaviour based on material structures. Instead, we need to appreciate the normative and cognitive processes inherent in strategies leading to coordination.

Although we stress the power effect of discourses, discourses about coordination should not be viewed too deterministically. Similarly to the approach by Carstensen (2010), we see signs in Sweden and Denmark of how the ideas of wage moderation, flexibility, solidarity and volunta-

rism are being moulded by unions and employers' associations that are under continuing pressure from structural changes in markets and technology. Flexibility is framed both as something that collective bargaining now allows but also controls. Wage moderation is framed as a win-win solution that increases competitiveness and employment, although it will gradually increase wage differentials. Solidarity in Denmark is no longer equal wage for all work but equal wage for similar jobs and equal opportunity (Baccaro and Locke, 1998; Pontusson, 2011). Finally, voluntarism is no longer merely non-interference by the state (Kahn-Freund, 1954) but also bargaining autonomy vis-à-vis manufacturing. This dynamic interpretation of recent developments goes beyond bargaining structures and levels and puts power back into studies of coordination by asking the fundamental question: Whose interests prevail in coordinated bargaining?

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Resumé (dansk)

Denne afhandling består af fem artikler, hvis formål er at forstå relationerne mellem institutioner, processer og resultater af koordinerede kollektive overenskomstforhandlinger mellem arbejdsmarkedets parter. Afhandlingen undersøger især betydningen af intervention ved tredjepart i overenskomstforhandlinger. Artiklerne har delvis overlappende analyseniveauer, data og forskningsdesign, og tilsammen udforsker og forklarer de, hvordan konfigurationer af institutioner er oprettet og reproduceres over tid, og hvordan de påvirker overenskomstforhandlingers processer og resultater.

På trods af stigende pres på overenskomstsystemer de seneste fire årtier udgør overenskomstforhandlinger fortsat den dominerende måde at regulere arbejdsmarkedet på i Europa. Cirka 60 procent af de ansatte i EU får stadig deres løn, arbejdstid, ferie mv. fastsat ved kollektive overenskomster mellem fagforeninger og arbejdsgiverforeninger.

På den ene side fastsætter overenskomstforhandlinger et minimum for løn og arbejdsvilkår, og overenskomstforhandlinger kan derfor med rette betragtes som en central del af den europæiske sociale model. Gennem kollektiv repræsentation og overenskomstforhandlinger er arbejdstagere alt andet lige bedre beskyttet mod nogle af de sociale risici, som arbejdsmarkedet medfører.

På den anden side kan overenskomstforhandlinger være gavnlige for arbejdsgiverne. Internationalisering af markeder har øget behovet for koordinering på tværs af brancher på grund af makroøkonomiske hensyn til prisstabilitet og beskæftigelse. Integration af produktmarkeder betyder, at omkostningsniveauet inden for ét land ikke må overstige niveauet i konkurrerende lande. Dette medfører, at aktørerne vil prøve at moderere omkostningsudviklingen på tværs af brancher, der således anvender kollektive overenskomster som et loft for arbejdskraftomkostninger.

Som sådan giver koordinerede overenskomstforhandlinger et dobbeltløfte om at reducere sociale risici for arbejdstagerne og kontrollere omkostninger for arbejdsgiverne.

Hvis overenskomstforhandlinger som reguleringsproces afhænger af parternes evne til at indgå aftaler, bliver institutioner, som muliggør dette, afgørende. Overalt i den vestlige verden findes der institutioner for mægling eller voldgift ved tredjepart (forkortet til CMA fra engelsk), som hjælper fagforeninger og arbejdsgivere med at nå til enighed. Disse institutioner er dog ofte blevet overset i studier af, hvordan overenskomstforhandlinger foregår og udvikler sig.

Afhandlingen forsøger at bidrage til forskningen ved at udforske betingelserne for og betydningen af tredjepartsindgreb i overenskomstforhandlingerne. Det gør den med udgangspunkt i sociologi og politologi samt ved at skrive sig ind i studierne af arbejdsmarkedsrelationer og komparativ politisk økonomi. Det primære empiriske fokus er på de koordinerede overenskomstforhandlinger i Sverige og Danmark – lande som begge skiller sig ud ved at have høj økonomisk

effektivitet og høje niveauer af social lighed. Ved brug af sammenlignende case-metode identificerer afhandlingen imidlertid vigtige forskelle i overenskomstforhandlingernes processer og resultater, som kan forklares med små men dog væsentlige forskelle i Sveriges og Danmarks mæglingsinstitutioner. Desuden viser undersøgelsen, at der bag tilsyneladende succesfulde kompromiser i de to lande har været betydelige magtkampe, der næsten førte til sammenbrud af overenskomstsystemerne.

Den første artikel sammenligner overenskomstsystemerne i Sverige og Danmark siden decentraliseringen af forhandlinger fra hovedorganisationsniveau til forbundsniveau. Det historisk-komparative casestudie viser, at hovedorganisationsforhandlinger er blevet erstattet med et 'pattern-bargaining'-system baseret på alliancer imellem parterne i den konkurrenceudsatte fremstillingssektor. I modsætning til den konventionelle litteratur på området understreger artiklen betydningen af mæglingsinstitutioner for disse institutionelle forandringer. Ved at knytte mæglingsforslag til forhandlingsresultatet i fremstillingssektoren har mæglingsinstitutionerne i begge lande en nødvendig rolle i løsningen af et kollektivt handlingsproblem i 'pattern-bargaining'-systemet. Landenes evne til at gøre dette adskiller sig imidlertid, hvilket afspejles i hyppigere afvigelser fra fremstillingsindustriens resultat i Sverige. Afvigelserne i Sverige synes derudover at være drevet af fagbevægelsens fortsatte insisteren på lønsolidaritet, hvorimod danske fagforeninger har flyttet deres fokus over mod såkaldt udbudssolidaritet, f.eks. ved lige adgang til uddannelse.

Den første artikel finder således et tæt forhold mellem forhandlingsstrukturer, mæglingsinstitutioner og koordinering af overenskomstforhandlinger på forbundsniveau i Sverige og Danmark. Kernen i dette forhold er ønsket om kontrol over overenskomstforhandlinger.

Den anden artikel udforsker ønsket om kontrol på tværs af flere lande. Artiklen tager udgangspunkt i observationen af, at alle vesteuropæiske lande har udviklet særlige systemer for tredjepartsintervention, som giver forskellige muligheder for at gribe ind i overenskomstforhandlinger. Formålet med artiklen er at forklare, hvorfor nogle lande har stærk CMA på tværs af 17 vesteuropæiske lande. Til dette formål anvendes den såkaldte 'fuzzy-set Qualitative Comparative Analyse'-metode (fsQCA). Analysen ser på den formelle styrke ved CMA og forsøger at udlede 'årsagsstier' til stærk CMA i overenskomstforhandlinger. To hypoteser testes: Den neo-korporative hypotese af Elvander, som hævder, at lav styringskapacitet hos fagforeninger er relateret til en stærk CMA på grund af ønsket om kontrol over overenskomstforhandlinger; og domstolstraditions-hypotesen af Valdés Dal-Ré, som fremfører, at normale civile domstole i arbejdsmarkedsspørgsmål generelt er relateret til en stærk CMA på grund af juridiske traditioner. Ved hjælp af fsQCA påvises to årsagsstier til stærke CMA – den nordiske sti og Middelhavsstien. Ser man nærmere på historikken bag afvigende cases samt cases i den nordiske sti, viser det sig imidler-

tid, at kontrol over kollektive overenskomstforhandlinger – og ikke domstolstraditioner – er den vigtigste mekanisme bag stærk CMA. Samlet støtter resultaterne dermed den neo-korporative hypotese af Elvander, hvorimod Valdés Dal-Ré's hypotese ikke kan støttes.

De følgende to artikler retter fokus mod, hvordan forhandlingsinstitutioner påvirker resultater af overenskomstforhandlinger. Den tredje artikel undersøger, hvordan den økonomiske krise blev håndteret i 2010-overenskomstforhandlingerne for den toneangivende fremstillingssektor i Sverige og Danmark. Artiklen analyserer og sammenligner overenskomstforhandlingerne fra dagsordenfastsættelse til underskrivelse af aftaler, og peger på væsentlige forskelle i forhandlingsstrukturer, processer og resultater. I det hele taget synes krisen at have haft ringe effekt på det danske aftalesystem på grund af en stærk centralisering af arbejdsgiversiden, gennem DI, og den koordinerende effekt ved forligsinstitutionen. Omvendt sætter overenskomstforhandlingerne i Sverige spørgsmålstegn ved levedygtigheden af det svenske aftalesystem. Fagforeningskoordinationen i industrien brød sammen, da funktionærfagforeninger indgik aftaler, før LO-fagforeningerne. Men endnu vigtigere var det, at Teknikföretagen – den største arbejdsgiverforening i industrien – opsagde Industriavtalet efter 2010-forhandlingerne. Dermed blev de svenske arbejdsmarkedsparter igen tvunget til at justere procedurerne i aftalesystemet.

Den fjerde artikel viser, hvordan overenskomstforhandlinger bidrager til udviklingen af såkaldt flexicurity – dvs. kombinationer af fleksibilitet og social sikkerhed. Overenskomstforhandlinger er ofte blevet overset i studier af flexicurity, på trods af den fortsatte udbredelse af denne form for regulering i mange europæiske lande. Ved at sammenligne overenskomstaftaler i den grafiske branche og elektrikerbranchen i Danmark, Spanien og Storbritannien undersøger artiklen, om der er en positiv sammenhæng mellem kollektive forhandlinger og udvikling af balancer mellem fleksibilitet og sikkerhed. Analysen viser, at danske overenskomster bidrager betydeligt til flexicurity, hvilket var forventet. I Storbritannien bidrager aftaler også væsentligt til balancer mellem fleksibilitet og sikkerhed på trods af det gængse synspunkt, at arbejdsgiverne er fjendtlige over for fagforeninger og overenskomstforhandlinger. I Spanien skyldes det beskedne bidrag til flexicurity dominans af lovgivning på arbejdsmarkedet, men selv her ser vi et bidrag, der er bemærkelsesværdigt. Imod forventningerne bidrager kollektive aftaler således også til flexicurity i Storbritannien og Spanien. Denne overordnede konklusion giver stærke beviser for det påståede bidrag fra kollektive forhandlinger til flexicurity.

Den sidste og femte artikel træder et skridt tilbage og vurderer begrebet 'koordinerede overenskomstforhandlinger' fra tre forskellige teoretiske tilgange, som hver især bygger på forskellige kausale mekanismer. 'Rational choice'-tilgangen bygger sin forklaring på magtrelationer baseret på ressource-afhængighed. 'Rationalistisk institutionalisme' bygger på proceduremæssige regler for forhandlinger. Og 'diskursiv institutionalisme' forklarer koordinering med aktørernes

fælles meningsstrukturer. Artiklen argumenterer for, at tilgangene bygger på forskellige opfattelser af koordinering, som alle indebærer magtudøvelse, hvor nogle aktører får andre aktører til at gøre noget, de ellers ikke ville have gjort. Koordinerede overenskomstforhandlinger kan derfor have negative fordelingsmæssige konsekvenser for nogle aktører. Artiklen giver derefter empiriske eksempler på de tre tilgange fra Sverige og Danmark, der betragtes som kritisk cases for en 'Sinatra-følgeslutning': Hvis teorier om koordinering, der understreger magtrelationer og negative fordelingsmæssige konsekvenser, kan klare sig i Sverige og Danmark, kan de klare sig overalt.

Afhandlingen støtter generelt det synspunkt, at kollektive overenskomstforhandlinger kan bidrage til positive resultater for arbejdsgivere og arbejdstagere. Men den peger også på de krævende institutionelle forudsætninger, der er nødvendige for at opretholde overenskomstforhandlinger i dynamiske markeder. Desuden understreger afhandlingen, at kollektive overenskomstforhandlinger institutionaliserer magtrelationerne mellem aktørerne, og at institutioner derfor kan have fordelingsmæssige konsekvenser for disse aktører. I sidste ende vil strategiske aktørers fortsatte støtte til overenskomstforhandlinger afhænge af, hvordan konflikterne mellem disse aktører løses. Afhandlingen påviser, at mæglingsinstitutioner kan spille en vigtig rolle heri – og at de uden tvivl har gjort det i Sverige og Danmark.

Summary (English)

This dissertation consists of five papers which aim to understand the relationships between institutions, processes and outcomes of coordinated collective bargaining between organisations for workers and employers. Especially, the dissertation investigates the role of third party intervention for collective bargaining. The papers have partly overlapping hypotheses, levels of analysis, data and research designs. Together they explore and explain how configurations of institutions are created and sustained over time and how they influence bargaining processes and outcomes.

While under severe pressure during the recent four decades, collective bargaining still constitutes the main regulatory process by which labour markets are governed in Europe. Approximately 60 percent of the employees in Europe still have their wages, working time, holidays etc. determined by collective agreements between trade unions and employer associations.

On one hand, collective bargaining puts a floor under terms and conditions of employment and collective bargaining is therefore rightly regarded as a centrepiece of the European Social Model. Through collective representation and bargaining, workers are arguably better protected from some of the social risks that labour markets entail.

On the other hand, collective bargaining can be beneficial for employers. Internationalisation of economies has increased the need for coordination across industries due to macro-economic concerns for price stability and employment. Integration of product markets means that cost-levels within a country must not exceed the competitors in other countries. This gives impetus for actors to moderate wages across industries using collective agreement as a ceiling for labour costs.

As such, coordinated collective bargaining holds the dual-promise of reducing social risks for workers and containing costs for employers.

If collective bargaining as a regulatory process hinges upon the ability of parties to reach agreements, institutions that facilitate this should be pivotal. All over the Western world, institutions for conciliation, mediation or arbitration by third parties exist to help unions and employers settle in bargaining. These institutions have, however, often been neglected in studies of how collective bargaining is evolving and sustained.

To remedy this omission, the dissertation explores the conditions for and the role of third party intervention into collective bargaining. It does so by drawing on the disciplines of political science and sociology while engaging with the fields of industrial relations and comparative political economy. The primary empirical focus is on the highly coordinated collective bargaining systems of Sweden and Denmark which both stand out concerning high economic efficiency and high levels of social equity. Using comparative case method, important differences in bargaining

and mediation institutions are, however, identified that can explain subtle but important differences in bargaining process and outcomes. Moreover, the studies show that behind seemingly successful compromises of the two countries were significant power struggles and near-breakdowns of collective bargaining.

The first paper compares coordinated collective bargaining in Sweden and Denmark since the decentralisation of bargaining from peak-level confederations to primarily industry-level bargaining. The historical-comparative case study shows that confederate bargaining has been replaced with a pattern bargaining system based on cross-class alliances in the exposed manufacturing sector. In contrast to conventional literature, the paper stresses the importance of mediation institutions in institutional change. By pegging settlements to the pattern, mediation institutions of both countries have a necessary role in solving collective action problems in pattern bargaining. Their capabilities, however, differ which is reflected in more frequent defections in Sweden. Defections in Sweden, moreover, appear to be driven by continuing union claims for distributive wage solidarity, whereas Danish unions have refocused on supply-side solidarity like equal access to education and training.

The first paper thus finds an intimate link between bargaining structures, mediation institutions and coordination of industry-level bargaining in Sweden and Denmark. At the core of this relationship is the preoccupation about control over collective bargaining. *The second paper* explores this relationship across more countries. It departs from the observation that all Western European countries have developed particular systems of third party intervention – understood as conciliation, mediation and arbitration (CMA) – which have varying capabilities to intervene into collective bargaining. The purpose of the paper is to explain strong CMA across 17 Western-European countries using the fuzzy-set qualitative comparative analysis (fsQCA) method. It looks at the formal strength of CMAs and attempts to deduce explanatory paths to strong CMA in collective bargaining. Two hypotheses are considered and extended; the neo-corporatist hypothesis by Elvander who claims that low governance capacity by unions is related to strong CMA because of preoccupations about control over bargaining; and the court-tradition hypothesis by Valdés Dal-Ré who maintains that normal civil courts in labour matters are related to strong CMA due to legal traditions. The analysis shows two causal paths to strong CMA – the Nordic and the Mediterranean. Within-case analyses of deviant cases and cases in the Nordic path suggest that control over collective bargaining – and not court-tradition – is the main mechanism behind strong CMA. Overall the findings therefore support the neo-corporatist hypothesis by Elvander while we do not find support for Valdés Dal-Ré's hypothesis.

The following two paper turns to how bargaining institutions influence the outcomes of collective bargaining. *The third paper* investigates how the economic crisis was handled in the 2010

collective bargaining rounds in the pattern-setting manufacturing sectors of Sweden and Denmark. It analyses and compares the bargaining rounds from agenda-setting to signing of agreements, pointing to the significant differences in bargaining structures, processes and outcomes. On the whole, the crisis seems to have had little effect on the Danish bargaining system due to a strong centralization on the employer side through the Confederation of Danish Industries and the coordination of bargaining areas by Denmark's mediation institution. Conversely, the bargaining round in Sweden puts a question-mark over the viability of the whole Swedish bargaining system. Union coordination was shattered when the white-collar unions broke ranks and concluded agreements before the LO unions. But more importantly, Teknikföretagen – the biggest employers' federation – quit the Industrial Agreement after the negotiations and, once again, Swedish social partners were forced to readjust the procedural framework for collective bargaining.

The fourth paper shows how collective bargaining contributes to the development of so called flexicurity – combinations of labour market flexibility with social security. Collective bargaining is often neglected in studies of flexicurity, despite the continued resilience of this form of regulation in many European countries. The paper compares sector-level bargaining and flexicurity in the printing and electrical contracting industries of Denmark, Spain and the UK to assess whether there is a positive link between collective bargaining and development of balances between flexibility and security. The findings show that Danish agreements contribute significantly to flexicurity which is in line with expectations. In the UK, agreements contribute significantly to balances between flexibility and security, despite conventional views that employers are hostile towards unions and collective bargaining. In Spain, due to the heavy influence of legislation the contribution is more modest but nevertheless also notable. So, somewhat against conventional expectations, agreements also contribute to flexicurity in the UK and Spain. This overall finding gives strong evidence for the proposed link.

The final paper takes a step back and reviews the concept of bargaining coordination from three different theoretical approaches which underline different causal mechanisms leading to coordination. Rational choice posits power relations based on resource-dependence; rationalist institutionalism posits rules of the game; and discursive institutionalism stresses shared meaning structures. It is argued that each approach is based on different views of coordination involving exercise of power where some actors make others do what they otherwise would not have done. Coordination could therefore have negative distributional consequences for coerced actors. The paper goes on to show examples of the three approaches from Sweden and Denmark which are regarded as crucial cases for 'Sinatra-inference': If theories of coordination stressing power ex-

ercise and negative distributional consequences can make it in Sweden and Denmark, they can make it anywhere.

The dissertation generally supports the view that collective bargaining as a regulatory process can achieve positive results for both employers and employees. However, it also identifies the demanding institutional preconditions needed to sustain collective bargaining under volatile markets and technological change. Furthermore, the dissertation stresses that collective bargaining institutionalises power-relations among actors and that the specific details of institutions will have distributive consequences. Ultimately, the continued support for bargaining by strategic actors resides in how well conflicts between these actors are resolved. This dissertation shows that mediation institutions can play an important role herein – and that they certainly have done so in Sweden and Denmark.

Appendix

List of interviews for 'Did mediation save coordinated bargaining', Bargaining in the crisis' and 'Cooperation or power'

No.	Name & position of respondents	Organisation	Country	Industry	Time
1	Kirsten Weber (head of section)	Ministry of Employment	Denmark	N/A	11 June 2010
2	Anders Levy (head of section)	Ministry of Employment	Denmark	N/A	11 June 2010
3	Allan Andersen (bargaining secretary)	3F Transport group	Denmark	Transport	17 January 2011
4	Jørgen Aarestrup Jensen (bargaining secretary and vice chairman)	3F Transport group	Denmark	Transport	17 January 2011
5	Bjarne Nielsen (vice chairman)	HK/Privat	Denmark	Manufacturing/ Private services	18 January 2011
6	Jan Villadsen (chairman)	3F Transport group	Denmark	Transport	25 January 2011
7	Asbjørn Jensen (chief mediator)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	16 February 2011
8	Torsten Hesselbjerg (mediator)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	8 March 2011
9	Birger Stein Christensen (chief secretary)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	14 March 2011
10	Kaspar Linkis (mediator)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	14 March 2011
11	Ole Stig Andersen (mediator)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	16 March 2011
12	Jørn Neergaard Larsen (CEO)	Dansk Arbejdsgiverforening – Confederation of Danish Employers	Denmark	Private sector	23 March 2011
13	Keld Burmølle (director)	Dansk Arbejdsgiverforening – Confederation of Danish Employers	Denmark	Private sector	29 March 2011
14	Pernille Knudsen (director)	Dansk Arbejdsgiverforening – Confederation of Danish Employers	Denmark	Private sector	31 March 2011
15	Jan Kæraa (chief econo-	Landsorganisationen i Dan-	Denmark	Private and public	6 April 2011

No.	Name & position of respondents	Organisation	Country	Industry	Time
	mist)	mark – Danish Confederation of Trade Unions		sector	
16	Lisbeth Jensen (mediator)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	6 April 2011
17	Bent Østerborg (mediator)	Forligsinstitutionen – Mediation Institution	Denmark	N/A	7 April 2011
18	Kim Graugaard (director)	DI – Confederation of Danish Industries	Denmark	Manufacturing/ Private sector	11 April 2011
19	Kim Graugaard (director)	DI – Confederation of Danish Industries	Denmark	Manufacturing/ Private sector	29 October 2011
20	Thorkild E. Jensen (chairman)	Dansk Metal – Danish Metalworkers' Union	Denmark	Metalworking/ Manufacturing	13 January 2011
21	Thorkild E. Jensen (chairman)	Dansk Metal – Danish Metalworkers' Union	Denmark	Metalworking/ Manufacturing	11 April 2011
22	Thorkild E. Jensen (chairman)	Dansk Metal – Danish Metalworkers' Union	Denmark	Metalworking/ Manufacturing	22 June 2011
23	Thorkild E. Jensen (chairman)	Dansk Metal – Danish Metalworkers' Union	Denmark	Metalworking/ Manufacturing	29 July 2011
24	Børge Frederiksen (chairman for 3F manufacturing)	3F Manufacturing group	Denmark	Manufacturing	31 May 2011
25	Børge Frederiksen (chairman for 3F manufacturing)	3F Manufacturing group	Denmark	Manufacturing	13 January 2012
26	Knud Erik Linius (director)	DI – Confederation of Danish Industries	Denmark	Manufacturing/ Private sector	21 June 2011
27	Simon Tøgern (chairman)	HK/Privat	Denmark	Manufacturing/ Private services	7 September 2012
28	Peter Hougård (chairman)	3F Construction	Denmark	Construction	26 September 2012
29	Jørgen Hoppe (chairman)	HK Handel	Denmark	Retail	2 October 2012
30	Laurits Rønn (director)	Dansk Erhverv – The Danish Chamber of Commerce	Denmark	Retail	5 October 2012
31	Peter Stenholm (director)	Dansk Byggeri – The Danish Construction Association	Denmark	Construction	28 November 2012
32	Kim Simonsen (chairman)	HK/Danmark	Denmark	Private and public sector	12 November 2012
33	Claus Jensen (chairman)	Dansk Metal – Danish Metalworkers' Union	Denmark	Metalworking/ Manufacturing	28 February 2012
34	Gunnar Björklund (medi-	Opartiska Ordföranda/	Sweden	Primarily manufactu-	21 February

No.	Name & position of respondents	Organisation	Country	Industry	Time
	ator)	Medlingsinstitutet – National Mediation Office		ring	2011
35	Gunnar Högberg (mediator)	Opartiska Ordföranda/ Medlingsinstitutet – National Mediation Office	Sweden	Primarily manufacturing	21 February 2011
36	Gun Sofia Rautiala (mediator)	Opartiska Ordföranda/ Medlingsinstitutet – National Mediation Office	Sweden	Primarily manufacturing	22 February 2011
37	Göte Larsson (mediator)	Opartiska Ordföranda/ Medlingsinstitutet – National Mediation Office	Sweden	Primarily manufacturing	22 February 2011
38	Jan Sjölin (mediator)	Medlingsinstitutet – National Mediation Office	Sweden	N/A	22 February 2011
39	Lars Josefson (mediator)	Medlingsinstitutet – National Mediation Office	Sweden	N/A	23 February 2011
40	Anders Lindström (mediator)	Opartiska Ordföranda/ Medlingsinstitutet – National Mediation Office	Sweden	Primarily manufacturing	23 February 2011
41	Claes Stråth (chief mediator)	Medlingsinstitutet – National Mediation Office	Sweden	N/A	23 February 2011
42	Claes Stråth (chief mediator)	Medlingsinstitutet – National Mediation Office	Sweden	N/A	1 October 2012
43	Gunilla Runquist (mediator)	Medlingsinstitutet – National Mediation Office	Sweden	N/A	24 February 2011
44	Bengt KÅ Johansson (mediator)	Medlingsinstitutet – National Mediation Office	Sweden	N/A	24 February 2011
45	Benne Lantz (mediator)	Opartiska Ordföranda	Sweden	Manufacturing	7 April 2011
46	Anders Weihe (chief negotiator)	Teknikföretagen	Sweden	Manufacturing	25 March 2011 (conducted by Søren Kaj Andersen)
47	John Wahlstedt (lawyer)	Teknikföretagen	Sweden	Manufacturing	25 March 2011 (conducted by Søren Kaj Andersen)
48	Roger Nilsson (lawyer)	IF Metall	Sweden	Metalworking/ Manufacturing	25 March 2011 (conducted by Søren Kaj Andersen)
49	Veli-Pekka Säikkälä	IF Metall	Sweden	Metalworking/	25 March 2011

No.	Name & position of respondents	Organisation	Country	Industry	Time
	(chief negotiator)			Manufacturing	(conducted by Søren Kaj Andersen)
50	Veli-Pekka Säikkälä (chief negotiator)	IF Metall	Sweden	Metalworing/ Manufacturing	26 April 2011
51	Gerald Lindberg (second chairman)	Livsmedels Arbetarförbundet	Sweden	Food processing	26 April 2011
52	Tomas Undin (director)	Teknikföretagen	Sweden	Manufacturing	27 April 2011
53	Camilla Frankelius (chairman)	Sveriges Injeniörarna	Sweden	Private and private sector	27 April 2011
54	Ulf Sedelius (chairman)	Finansforbundet	Sweden	Finance	28 April 2011
55	Sverker Rudeberg (director)	Svensk Näringsliv – the Confederation of Swedish Enterprise	Sweden	Private sector	28 April 2011
56	Per Hidesten (director)	Skogsindustrierna (now Industriarbetsgivarna)	Sweden	Wood- and forestry	28 April 2011
57	Tommy Andersson (chairman)	GS Facket - The Swedish union of forestry, wood and graphical workers	Sweden	Wood- and forestry, graphical industry	28 April 2011
58	Göran Nilsson (chief secretary)	Facken inom Industri	Sweden	Manufactuing	29 April 2011
59	Per Bardh (bargaining secretary)	Landsorganisationen i Sverige - The Swedish Trade Union Confederation	Sweden	Private and public sector	29 April 2011
60	Niklas Hjert (chairman)	Unionen	Sweden	Public and private services	17 June 2011

List of interviews for 'Striking a balance'

No.	Name & position of respondents	Organisation	Country	Industry	Time
61	Andrew Brown (corporate affairs director)	British Print Industries Federation	UK	Print	10 September 2008
62	Tony Burke (assistant general secretary)	UNITE the Union	UK	Print	19 August 2008
63	Alex Meikle (head of employee relations)	Electrical Contractors' Association - ECA	UK	Electrical contracting	9 September 2008
64	Steven Brawley (employee relations advisor)	Electrical Contractors' Association - ECA	UK	Electrical contracting	9 September 2008
65	Tom Hardacre (lead officer of construction)	UNITE the Union	UK	Electrical contracting	19 September 2008
66	Neal Evans (research officer)	UNITE the Union	UK	Electrical contracting	10 September 2008
67	Bjarne Nielsen (vice-director)	HK Privat	Denmark	Print	18 September 2008
68	Lars Bram (director)	Grafisk Arbejdsgiverforening	Denmark	Print	1 September 2008
69	Peter Andersen (negotiation secretary)	Fælles Fagligt Forbund - 3F	Denmark	Print	3 September 2008
70	Jørgen Juul Rasmussen (director)	Dansk Elforbund - DEF	Denmark	Electrical contracting	11 September 2008
71	Ole Tue Hansen (union secretary)	Dansk Elforbund - DEF	Denmark	Electrical contracting	17 September 2008
72	Jens-Olav Pedersen (vice-director)	Dansk Elforbund - DEF	Denmark	Electrical contracting	17 September 2008
73	Thorkild Bang (vice-director)	Tekniq	Denmark	Electrical contracting	24 September 2008
74	Bent Lindgren (national officer)	Tekniq	Denmark	Electrical contracting	24 September 2008
75	Joaquina Rodriguez (general secretary)	Comisiones Obreras - CCOO. Federación de Comunicación y Transporte	Spain	Print	26 September 2008 (conducted by Mikkel Mailand)
76	José Ramón Castañon (general secretary)	Unión General de Trabajadores – UGT. Federación de Servicios	Spain	Print	29. September 2008 (conducted by Mikkel Mai-

No.	Name & position of respondents	Organisation	Country	Industry	Time
					land)
77	Jesús Alarcón Fernandez (general secretary)	Asociación Empresarios Artes Graficás Madrid - AGM	Spain	Print	29 September 2008 (conducted by Mikkel Mailand)
78	José Luis Vicente (director of the juridical department)	Confemetal	Spain	Electrical Contracting (Metal) national level	26 September 2008 (conducted by Mikkel Mailand)
79	Jesús Ramos (secretary of union action)	Comisiones Obreras – CCOO. Federación Minerometalúrgica	Spain	Electrical Contracting (Metal) national level	29 September 2008 (conducted by Mikkel Mailand)
80	Antonio Torres (coordinator of union action)	Comisiones Obreras – CCOO. Federación de Metal (Madrid)	Spain	Electrical Contracting (Metal) province level, Madrid	30 September 2008 (conducted by Mikkel Mailand)
81	Raquel Marquez (assistant)	Comisiones Obreras – CCOO. Federación de Metal (Madrid)	Spain	Electrical Contracting (Metal) province level, Madrid	30 September 2008 (conducted by Mikkel Mailand)
82	Clemente de la Casa (political secretary)	Unión General de Trabajadores – UGT. Federación de Metal, Construcción y Afines	Spain	Electrical Contracting (Metal) province level, Madrid	30 September 2008 (conducted by Mikkel Mailand)
83	Sánchez Fresneda (assessor)	Asociación de Empresarios del Metal de Madrid – AECIM	Spain	Electrical Contracting (Metal) province level, Madrid	30 September 2008 (conducted by Mikkel Mailand)

1. I'm indebted to Thomas A. Kochan, Jesper Due and Jørgen Steen Madsen for their sharing their respective accounts of IR as a field of study.
2. Neo-marxist scholars have criticized the strategic choice model for underestimating the potential and significance of social mobilisation in industrial relations: Hyman R. (1994) Theory and Industrial Relations. British Journal of Industrial Relations 32: 165-180.
3. Coser (1956) on the other hand, argues that labour conflicts release the inherent tensions between employers and employees and therefore have a social function. Suppressing these tensions could have catastrophically consequences. Nevertheless, it would be absurd to suggest that the purpose of third party intervention is release of tension through industrial action.
4. To Mads, Anders, Anders, Martin and Kristian: OK, jeg indrømmer nu blankt, at gravide mænd er svære at finde i virkeligheden.
5. Due et al. Den Danske Model: En Historisk Sociologisk Analyse af det Kollektive Aftalesystem; FAOS. Resume af overenskomstforhandlingerne 2012. Copenhagen, FAOS; C. L. Ibsen, S. K. Andersen, J. Due, and J. S. Madsen, "Bargaining in the crisis - a comparison of the 2010 collective bargaining round in the Danish and Swedish manufacturing sectors," Transfer 17, no. 3 (2011); S. Scheuer, "Leaders and Laggards: Who Goes First in Bargaining Rounds?," in Scandinavia in a New Europe, ed. T. P. Boje and S. E. O. Hort. (Oslo: Scandinavian University Press, 1993).
6. Elvander, N. "The New Swedish Regime for Collective Bargaining and Conflict Resolution: A Comparative Perspective"; A. Kjellberg, "Sweden: Restoring the Model?," in Changing Industrial Relations in Europe, ed. Ferner.A. and Hyman.R. 2nd ed. (Oxford: Blackwell Business, 1998); Yearbooks from Medlingsinstitutet; Torgeir Stokke, Lønnsforhandlinger og konfliktløsning
7. The Herfindahl (H) index is given by H =Σin (pi2), where pi is the proportion of total membership organised by the manufacturing employer associations and n is the total number of employer associations. By discounting the weight of smaller associations (achieved through the squaring method), the Herfindahl index conveys an idea of the actual degree of the concentration of employer associations in manufacturing. Scores range from 0 to 1. Total concentration = 1, i.e. a situation of only one employers association.
8. DI comprises many service sector companies – hence the larger share of employment.
9. I'm grateful to Kathleen Thelen for pointing this out.
10. Arbitrators might also have these capabilities but they are of less consequence as binding awards change the bargaining dynamic fundamentally.
11. Note here that this causal symmetry applies to this condition.
12. Note also that the explanation is related to legal-origin distinctions between civil law and common law countries as we would expect the former to place greater emphasis on statutory regulation while not for the latter. However, this seems to run counter to the argument of Valdés Dal-Ré.
13. While criticised by many as being too crude (Traxler, 2004), union density figures are sine qua non the most used indicator for union power.
14. Countries differ as to whether regulation of industrial action is statutory or bilateral, i.e. between the social partners, for example through basic procedural agreements concerning how to resolve conflicts in collective bargaining.
15. The parsimonious solution includes two paths: regind + GOVCAP*court. Solution coverage: 0.86 and solution consistency: 0.87
16. Although the ACAS is indeed very active in conciliation.
17. Due et al. Den Danske Model: En Historisk Sociologisk Analyse af det Kollektive Aftalesystem; FAOS.Resume af overenskomstforhandlingerne 2012. Copenhagen, FAOS; C. L. Ibsen, S. K. Andersen, J. Due, and J. S. Madsen, "Bargaining in the crisis - a comparison of the 2010 collective bargaining round in the Danish and Swedish manufacturing sectors," Transfer 17, no. 3 (2011); S. Scheuer, "Leaders and Laggards: Who Goes First in Bargaining Rounds?," in Scandinavia in a New Europe, ed. T. P. Boje and S. E. O. Hort. (Oslo: Scandinavian University Press, 1993).
18. Elvander, N. "The New Swedish Regime for Collective Bargaining and Conflict Resolution: A Comparative Perspective"; A. Kjellberg, "Sweden: Restoring the Model?," in Changing Industrial Relations in Europe, ed. Ferner.A. and Hyman.R. 2nd ed. (Oxford: Blackwell Business, 1998); Yearbooks from Medlingsinstitutet; Torgeir Stokke, Lønnsforhandlinger og konfliktløsning

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